RED HERRING PROSPECTUS
Dated November 21, 2014
Please read Section 32 of the Companies Act, 2013
100% Book Building Offer

MONTE CARLO FASHIONS LIMITED

Our Company was incorporated on July 1, 2008 in Ludhiana, Punjab, India under the Companies Act, 1956, as amended (the "**Companies Act 1956**") as a public limited company under the name 'Monte Carlo Fashions Limited' with the Registrar of Companies of Punjab, Chandigarh and Himachal Pradesh (the "**RoC**"). For further details, see "***History and Certain Corporate Matters***" on page 125.

Registered and Corporate Office: G.T. Road, Sherpur, Ludhiana 141 003, Punjab, India **Tel:** (+91 161) 2542 501 **Fax:** (+91 161) 2542 509
Contact Person: Mr. Sahil Jain, Company Secretary and Compliance Officer **Tel:** (+91 161) 5066 628 **Fax:** (+91 161) 2542 509 **E-mail:** companysecretary@montecarlocorporate.com
Website: www.montecarlocorporate.com
Promoters: Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Ms. Monica Oswal, Ms. Ruchika Oswal, Sidhant and Mannat Company Limited ("**SMCL**") and Simran and Shanaya Company Limited ("**SSCL**")
Corporate Identity Number: U51494PB2008PLC032059

INITIAL PUBLIC OFFERING OF 5,433,016 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF MONTE CARLO FASHIONS LIMITED ("MCFL" OR "OUR COMPANY" OR "THE COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE"), THROUGH AN OFFER FOR SALE BY THE SELLING SHAREHOLDERS (AS DEFINED IN THE SECTION "*DEFINITIONS AND ABBREVIATIONS*"), AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER SHALL CONSTITUTE 25% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR DETAILS OF THE EQUITY SHARES OFFERED BY EACH SELLING SHAREHOLDER, SEE "*DEFINITIONS AND ABBREVIATIONS – OFFER RELATED TERMS*" ON PAGE 2.

THE PRICE BAND, ANY RETAIL DISCOUNT AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS (THE "BRLMs") AND ADVERTISED IN ALL EDITIONS OF *BUSINESS STANDARD*, ALL EDITIONS OF *BUSINESS STANDARD (HINDI)* AND LUDHIANA EDITIONS OF *PUNJABI JAGRAN* (WHICH ARE WIDELY CIRCULATED ENGLISH, HINDI AND PUNJABI NEWSPAPERS, PUNJABI BEING THE REGIONAL LANGUAGE OF PUNJAB, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED), AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED FOR THE PURPOSE OF UPLOAD ON THEIR WEBSITE.*

Discount of ₹ [●] to the Offer Price may be offered to Retail Individual Investors ("Retail Discount**").*

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH.

In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of the Price Band subject to the Bid/Offer Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**", together with the BSE, the "**Stock Exchanges**"), by issuing a press release, and also by indicating the change on the websites of the BRLMs, and at the terminals of the members of the Syndicate and by intimation to Self Certified Syndicate Banks ("**SCSBs**").

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the "**SCRR**") the Offer is being made for at least 25% of the post-Offer paid-up Equity Share capital of our Company. The Offer is being made through the Book Building Process, in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**") where 50% of the Offer will be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Category**"), provided that our Company may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis (the "**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Retail Individual Investors may participate in this Offer through the ASBA process by providing the details of the ASBA Accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. QIBs (excluding Anchor Investors) and Non-Institutional Investors can participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in this Offer through the ASBA process. Kindly note that, based on an undertaking provided to SEBI by our Company and the Selling Shareholders, Allotment, amongst other conditions mentioned in this Red Herring Prospectus, shall be undertaken upon receipt of Bids equivalent to at least 25% of the Offer (including Bids received under the Anchor Investor Portion) from Mutual Funds and/or Insurance Companies. For details in this regard, specific attention is invited to "***Offer Procedure***" on page 270.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the securities of our Company, there has been no formal market for the securities of our Company. The face value of our Equity Shares is ₹ 10 and the Floor Price and Cap Price are [●] times and [●] times of the face value of our Equity Shares, respectively. The Offer Price (as determined and justified by our Company and the Selling Shareholders in consultation with the BRLMs and as stated in "***Basis for Offer Price***" on page 70) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the 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 the Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and the Offer including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does the SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page 11.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each Selling Shareholder, having made all reasonable enquiries, accepts responsibility for and confirms that the information in relation to itself and the Equity Shares being sold by it in the Offer for Sale contained in this Red Herring Prospectus is true and correct in all material respects and is not misleading in any material respect.

LISTING

The Equity Shares issued though this Red Herring Prospectus are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated August 28, 2014 and August 18, 2014, respectively. BSE is the Designated Stock Exchange for the purpose of the Offer.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
SBI Capital Markets Limited 202, Maker Tower E Cuffe Parade Mumbai 400 005 Maharashtra, India Tel: (+91 22) 2217 8300 Fax: (+91 22) 2218 8332 Email: montecarlo@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Ms. Shikha Agarwal/Mr. Sambit Rath SEBI Registration No.: INM000003531	**Axis Capital Limited** 1st floor, Axis House C 2 Wadia International Centre Pandurang Budhkar Marg, Worli Mumbai 400 025 Maharashtra, India Tel: (+91 22) 4325 1199 Fax: (+91 22) 4325 3000 E-mail: montecarlo.ipo@axiscap.in Investor Grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Ms. Kanika Goyal SEBI Registration No.: INM000012029	**Edelweiss Financial Services Limited** 14th floor, Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India Tel: (+91 22) 4086 3535 Fax: (+91 22) 4086 3610 E-mail: montecarlo.ipo@edelweissfin.com Investor Grievance E-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Mr.Anshul Bansal SEBI Registration No.: INM0000010650	**Religare Capital Markets Limited** 901, 9th Floor, Tower -1 Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone Road Mumbai 400 013 Maharashtra, India Tel: (+91 22) 6766 3662 Fax: (+91 22) 6766 3575 E-mail: montecarlo.ipo@religare.com Investor Grievance E-mail: grievance.ibd@religare.com Website: www.religarecm.com Contact Person: Mr. Abhijit Tripathi SEBI Registration No. INM000011062	**Link Intime India Private Limited** C-13, Pannalal Silk Mills Compound L.B.S Marg, Bhandup (West) Mumbai 400 078 Maharashtra, India Tel: (+91 22) 2596 7878 Fax: (+91 22) 2596 0329 E-mail: mcfl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sachin Achar SEBI Registration No.: INR000004058

BID/OFFER PERIOD*

BID/OFFER OPENS ON	**DECEMBER 3, 2014** **(Wednesday)**	**BID/OFFER CLOSES ON**	**DECEMBER 5, 2014** **(Friday)**

** Our Company may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*

TABLE OF CONTENTS

SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, the following terms have the meanings given below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

*In this Red Herring Prospectus, unless the context otherwise indicates, all references to "**MCFL**", "**the Company**", "**our Company**", "**the Issuer**", "**we**", "**us**" and "**our**" are to Monte Carlo Fashions Limited, a company incorporated in India under the Companies Act 1956, with its Registered and Corporate Office at G.T. Road, Sherpur, Ludhiana 141 003, Punjab, India.*

Company Related Terms

Term	Description
AGFPL	Abhilash Growth Fund Private Limited
Articles of Association or Articles	The articles of association of our Company, as amended
Auditor	Walker Chandiok & Co. LLP, chartered accountants, the statutory auditors of our Company
Board of Directors or Board	The board of directors of our Company, including any duly constituted committee thereof
CSR Committee	The corporate social responsibility committee of the Board of Directors
Demerged Business	The business carried out by Oswal Woollen Mills Limited, comprising the processes of manufacturing, buying, selling, and dealing in knitted and hosiery garments, woollen garments, cotton garments, franchisee network and other businesses carried out at its units 5, 6, and 7 and also from its registered office, demerged from Oswal Woollen Mills Limited and vested in our Company pursuant to the Scheme of Arrangement and Demerger
Director(s)	The director(s) on the Board of Directors of our Company
Equity Shares	The Equity Shares of our Company of face value of ₹ 10 each
GIL	Girnar Investment Limited
Group Companies	Companies, firms and ventures promoted by the Promoters, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act 1956 and disclosed in "***Our Promoters and Group Companies***" on page 143
KIL	Kanchi Investments Limited, Mauritius
KIL Sellers	Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Ms. Abhilash Oswal, Mr. Sambhav Oswal, Mr. Abhinav Oswal, Mr. Rishabh Oswal, Ms. Manisha Oswal, Ms. Ritu Oswal, Nagdevi Trading and Investment Company Limited
KIL SHA	Share subscription cum shareholders agreement dated May 10, 2012, among Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Nagdevi Trading and Investment Company Limited, Nahar Capital and Financial Services Limited, Abhilash Growth Fund Private Limited, Girnar Investment Limited, Kanchi Investments Limited and our Company
KITCL	Kovalam Investment and Trading Company Limited
Memorandum of Association	The memorandum of association of our Company, as amended
NCFSL	Nahar Capital and Financial Services Limited
NIEL	Nahar Industrial Enterprises Limited
NPFL	Nahar Poly Films Limited
NSML	Nahar Spinning Mills Limited
NTICL	Nagdevi Trading and Investment Company Limited
OWML	Oswal Woollen Mills Limited
Promoters	Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Ms. Monica Oswal, Ms. Ruchika Oswal, Sidhant and Mannat Company Limited and Simran and Shanaya Company Limited
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations, being Mr. Sudesh Pal Jain, Mr. Surinder Mohan Jain, Mr. Anil Jain, Ms. Manisha Oswal, Mr. Rishabh Oswal, Mr. Abhinav Oswal, Ms. Neha Nahata, Ms. Ritu Oswal, Mr. Sambhav Oswal, Ms. Tanvi Oswal, Mr. Atul Jain, Ms. Simran Jain, Ms. Shanaya Jain, Ms. Meena Jain, Ms. Kiran Jain, Ms. Sunanda Jain, Ms. Annu Jain, Ms. Saroj Jain, Mr. Vipan Jain, Ms. Sunita Ahuja, Mr. Ashish Ahuja, Ms. Preeti Bajaj, Ms. Neena Khosla, Ms. Suveena Chabbra, and our Group Companies
Registered and Corporate Office	The registered and corporate office of our Company situated at G.T. Road, Sherpur, Ludhiana 141 003, Punjab, India

Term	Description
Selling Shareholders	Mr. Jawahar Lal Oswal, Mr. Dinesh Oswal, Mr. Kamal Oswal, Kanchi Investments Limited, Oswal Woollen Mills Limited, Abhilash Growth Fund Private Limited and Vanaik Investors Limited
SHA Key Shareholders	Nagdevi Trading and Investment Company Limited, Nahar Capital and Financial Services Limited, Abhilash Growth Fund Private Limited and Girnar Investment Limited
Scheme of Arrangement and Demerger	The scheme of arrangement and demerger and reorganization of capital entered into by our Company and Oswal Woollen Mills Limited under Sections 391 to 394 of the Companies Act 1956 and approved by the High Court of Punjab and Haryana at Chandigarh by an order dated May 20, 2011, effective from April 1, 2011
SMCL	Sidhant and Mannat Company Limited
SSCL	Simran and Shanaya Company Limited

Offer Related Terms

Term	Description
Allotted/Allotment/Allot	Issue, allotment and transfer of Equity Shares to successful Bidders pursuant to this Offer. Please note that, based on an undertaking provided to SEBI by our Company and the Selling Shareholders, in addition to the conditions as stated in this Red Herring Prospectus, Allotment is also subject to receipt of Bids equivalent to at least 25% of the Offer (including Bids received under the Anchor Investor Portion) from Mutual Funds and/or Insurance Companies
Allottee	A Bidder to whom the Equity Shares are Allotted
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Anchor Investor	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors shall open and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Category which, may be allocated by our Company and the Selling Shareholders in consultation with the BRLMs, to Anchor Investors, on a discretionary basis. One third of the Anchor Investor Portion is reserved for domestic Mutual Funds, at or above the Anchor Investor Offer Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by an ASBA Bidder to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder	Any Bidder (other than Anchor Investors) who Bids through the ASBA process
Bankers to the Offer/Escrow Collection Banks	The bank(s) which is/are clearing members and registered with the SEBI as bankers to the offer, with whom the Escrow Accounts in relation to the Offer will be opened, in this case being Axis Bank Limited, ICICI Bank Limited and IndusInd Bank Limited
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful bidders under the Offer, described in "***Offer Procedure***" on page 270
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder (including an ASBA Bidder), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under SEBI ICDR Regulations
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid in the Offer, less Retail Discount, if any
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid and which shall be considered as the application for the Allotment of Equity Shares pursuant to the terms of this Red Herring Prospectus and the Prospectus

Term	Description
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder and Anchor Investor
Bid/Offer Closing Date	Except in relation to Anchor Investors, December 5, 2014, which is the date after which the Syndicate, Registered Brokers and SCSBs shall not accept any Bids for the Offer, which shall be published in all editions of *Business Standard*, all editions of *Business Standard (Hindi)* and Ludhiana edition of *Punjabi Jagran* (which are widely circulated English, Hindi and Punjabi newspapers, Punjabi being the regional language of Punjab where our Registered and Corporate Office is located).
Bid/Offer Opening Date	Except in relation to Anchor Investors, December 3, 2014, which is the date on which the Syndicate and the SCSBs shall start accepting Bids for the Offer, which shall be published by our Company in all editions of *Business Standard*, all editions of *Business Standard (Hindi)* and Ludhiana edition of *Punjabi Jagran* (which are widely circulated English, Hindi and Punjabi newspapers, Punjabi being the regional language of Punjab where our Registered and Corporate Office is located)
Bid/Offer Period	Except in relation to Anchor Investor, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Offer, in this case being SBI Capital Markets Limited, Axis Capital Limited, Edelweiss Financial Services Limited and Religare Capital Markets Limited
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Cap Price	The higher end of the Price Band above which the Offer Price and Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Client ID	Client identification number of the Bidder's beneficiary account
Cut-off Price	The Offer Price, finalized by our Company and the Selling Shareholders in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Form used by ASBA Bidders, a list of which is available at the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Accounts to the Public Offer Account(s) or the Refund Account(s), as appropriate, and the Registrar to the Offer issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Offer Account(s) in terms of this Red Herring Prospectus
Designated Stock Exchange	BSE
DP	Depository Participant
DP ID	Depository Participant's identity number
Draft Red Herring Prospectus/DRHP	The draft red herring prospectus dated July 9, 2014, filed with the SEBI and issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which our Equity Shares are offered
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Eligible QFI	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened dematerialised accounts with SEBI registered qualified depositary participants and are deemed as FPIs under the SEBI FPI Regulations
Escrow Account	Account(s) opened with the Escrow Collection Bank(s) for the Offer and in whose favour the Bidders (excluding ASBA Bidders) will issue cheques or demand drafts in

Term	Description
	respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement dated November 20, 2014 entered into amongst our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Refund Bank(s) and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable remitting refunds, if any, to the Bidders (excluding ASBA Bidders), on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form
Floor Price	The lower end of the Price Band, and any revisions thereof, below which the Offer Price will not be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI, suitably modified and included in "***Offer Procedure***" on page 270
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, on a proportionate basis
Non-Institutional Category	The portion of the Offer, being not less than 15% of the Offer or 814,953 Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price
Non-Institutional Investors/NIIs	All Bidders, including FPIs registered with the SEBI, that are not QIBs (including Anchor Investors) or Retail Individual Investors who have Bid for Equity Shares for an amount of more than ₹ 200,000
Offer / Offer for Sale	Public offer of 5,433,016 Equity Shares through an offer for sale by the Selling Shareholders, comprising: (i) 711,466 Equity Shares by Mr. Jawahar Lal Oswal; (ii) 445,352 Equity Shares by Mr. Dinesh Oswal; (iii) 87,289 Equity Shares by Mr. Kamal Oswal; (iv) 1,646,420 Equity Shares by Kanchi Investments Limited; (v) 910,570 Equity Shares by Oswal Woollen Mills Limited; (vi) 1,177,168 Equity Shares by Abhilash Growth Fund Private Limited; and (vii) 454,751 Equity Shares by Vanaik Investors Limited, for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million pursuant to this Red Herring Prospectus.
Offer Agreement	The agreement dated July 9, 2014 entered into amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer Price	The final price (less Retail Discount, if any) at which Equity Shares will be Allotted to the Bidders (except Anchor Investors), as determined in accordance with the Book Building Process on the Pricing Date. The Rupee amount of the Retail Discount, if any, will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in all editions of *Business Standard*, all editions of *Business Standard (Hindi)* and Ludhiana edition of *Punjabi Jagran* (which are widely circulated English, Hindi and Punjabi newspapers, Punjabi being the regional language of Punjab where our Registered and Corporate Office is located), at least five Working Days prior to the Bid/Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading on their website
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including revisions thereof. The Price Band and the minimum Bid lot for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised in all editions of *Business Standard*, all editions of *Business Standard (Hindi)* and Ludhiana edition of *Punjabi Jagran* (which are widely circulated English, Hindi and Punjabi newspapers, Punjabi being the regional language of Punjab where our Registered and Corporate Office is located), at least five Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their website
Pricing Date	The date on which our Company and the Selling Shareholders, in consultation with the BRLMs, shall finalize the Offer Price
Prospectus	The Prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations, including any addenda or corrigenda thereto
Public Offer Account	The account(s) to be opened with the Banker(s) to the Offer to receive monies from the Escrow Account(s) and the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer, being 50% of the Offer or 2,716,507 Equity Shares available

Term	Description
	for allocation to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders, in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price Please note that, based on an undertaking provided to SEBI by our Company and the Selling Shareholders, in addition to the conditions as stated in this Red Herring Prospectus, Allotment is also subject to receipt of Bids equivalent to at least 25% of the Offer (including Bids received under the Anchor Investor Portion) from Mutual Funds and/or Insurance Companies
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	This red herring prospectus dated November 21, 2014, issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Accounts	Accounts opened with the Refund Banks from which refunds, if any, of the whole or part of the Bid Amount shall be made to the Bidders (excluding ASBA Bidders)
Refund Bank	Escrow Collection Banks with whom Refund Accounts will be opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being, Axis Bank Limited
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate
Registrar Agreement	The agreement dated July 1, 2014, entered into between our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar to the Offer	Link Intime India Private Limited
Retail Discount	A discount of ₹ [●] that may be offered to Retail Individual Investors, by our Company and the Selling Shareholder, in consultation with the BRLMs, at the time of making a Bid
Retail Category	The portion of the Offer, being not less than 35% of the Offer or 1,901,556 Equity Shares, available for allocation to Retail Individual Investors, which shall not be less than the minimum Bid lot, subject to availability in the Retail Category and the remaining Equity Shares to be Allotted on a proportionate basis
Retail Individual Investors/ RIIs	Bidders (including HUFs and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Stock Exchange	NSE and BSE
Syndicate Agreement	The agreement dated November 20, 2014 entered into amongst the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer in relation to the collection of Bids in the Offer (other than Bids directly submitted to the SCSBs under the ASBA process or to Registered Brokers at the Broker Centres)
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being SBICAP Securities Limited, Religare Securities Limited and Edelweiss Securities Limited
Syndicate or members of the Syndicate	Collectively, the BRLMs and the Syndicate Members
Underwriters	The members of the Syndicate
Underwriting Agreement	The agreement among our Company, the Selling Shareholders and the Underwriters, to be entered into on or after the Pricing Date
Working Day(s)	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Bid/Offer Closing Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional/General Terms, Abbreviations and References to Business Entities

Term	Description
Air Act	Air (Prevention and Control of Pollution) Act, 1981
Axis Cap	Axis Capital Limited
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
Companies Act	Companies Act, 1956, as superseded and substituted by notified provisions of the Companies Act, 2013
Companies Act 1956	Companies Act, 1956
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	The current consolidated FDI Policy, effective from April 17, 2014, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
Copyright Act	Copyright Act, 1957
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
Edelweiss	Edelweiss Financial Services Limited
EPS	Earnings per share
Factories Act	The Factories Act, 1948
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 2000
FII(s)	Foreign Institutional Investors as defined under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2000, registered with the SEBI under applicable laws in India and deemed as FPIs under the SEBI FPI Regulations
Financial Year/Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any QFI or FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
GoI	The Government of India
Hazardous Wastes Rules	The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
HUF	Hindu undivided family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	Income Tax Act, 1961
Indian GAAP	Generally Accepted Accounting Principles in India
Insurance Companies	Insurance Companies as registered with the Insurance Regulatory and Development Authority
Mutual Funds	Mutual funds registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
MCA	The Ministry of Corporate Affairs, GoI
NBFC-ND	Non-deposit accepting non-banking financial company
NCAER	National Council of Applied Economic Research
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes a Non-resident Indian
NSE	The National Stock Exchange of India Limited
PAN	Permanent account number
PAT	Profit after tax
Public Liability Act	Public Liability Insurance Act, 1991
RBI	The Reserve Bank of India
Religare	Religare Capital Markets Limited
RoC or Registrar of Companies	The Registrar of Companies of Punjab, Chandigarh and Himachal Pradesh at Chandigarh
RoNW	Return on Net Worth
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
SBICAP	SBI Capital Markets Limited

Term	Description
SCRR	The Securities Contract (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
Securities Act	The United States Securities Act, 1933
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademarks Act	The Trademarks Act, 1999
US$ or USD or US Dollar	United States Dollar, the official currency of the United States of America
USA or U.S. or US	United States of America
Water Act	Water (Prevention and Control of Pollution) Act, 1974

Technical and Industry Related Terms

Term	Description
NTP 2000	National Textile Policy, 2000 issued by the Ministry of Textiles, GoI
SITP	Scheme for integrated textile parks
TUFS	Technology Upgradation Fund Scheme

The words and expressions used but not defined in this Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, the Securities and Exchange Board of India Act, 1992 (the "**SEBI Act**"), the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "***Main Provisions of Articles of Association of our Company***", "***Statement of Tax Benefits***", "***Industry Overview***", "***Outstanding Litigation and Material Developments***" and "***Financial Statements***" on pages 312, 73, 91, 227, and 166, respectively, shall have the meanings given to such terms in these respective sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Red Herring Prospectus to "**India**" are to the Republic of India. All references in this Red Herring Prospectus to the "**U.S.**", "**U.S.A.**" or "**United States**" are to the United States of America.

Financial Data

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from our restated financial statements for the three months ended June 30, 2014, fiscal 2014, 2013, 2012, 2011 and 2010, prepared in accordance with the Generally Accepted Accounting Principles in India (the "**Indian GAAP**") and the Companies Act, and restated in accordance with the SEBI ICDR Regulations.

Our fiscal year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular fiscal year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

There are significant differences between the Indian GAAP, the International Financial Reporting Standards ("**IFRS**") and the Generally Accepted Accounting Principles in the United States of America ("**U.S. GAAP**"). Accordingly, the degree to which the financial statements included in this Red Herring 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 Red Herring Prospectus should accordingly be limited. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS and we and the Selling Shareholders urge you to consult your own advisors regarding such differences and their impact on our financial data.

Certain figures contained in this Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Industry and Market Data

Industry and market data used throughout this Red Herring Prospectus has been obtained from various industry publications such as the 'Report on Textile & Apparel Industry and Branded Apparel Segment' dated July 2, 2014 and the 'Supplemental Report on Textile & Apparel Industry and Branded Apparel Segment' dated September 23, 2014 (together, the "**Technopak Report, 2014**") issued by Technopak Advisors Private Limited ("**Technopak**"). Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that the industry and market data used in this Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholders or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Red Herring Prospectus is meaningful depends upon 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 market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors***" on page 11. Accordingly, investment decisions should not be based solely on such information.

Currency and Units of Presentation

All references to "Rupees" or "₹" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**US$**", "**U.S. Dollar**", "**USD**" or "**U.S. Dollars**" are to United States Dollars, the official currency of the United States of America. All references to "**GBP**" are to Pound Sterling the official currency of the United Kingdom.

Exchange Rates

This Red Herring Prospectus contains conversions of US$ and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all.

The exchange rates of the respective foreign currencies as on June 30, 2014, March 28, 2014, March 28, 2013, March 30, 2012, March 31, 2011 and March 31, 2010 are provided below.

Currency	Exchange Rate as on June 30, 2014	Exchange rate as on March 28, 2014*	Exchange rate as on March 28, 2013**	Exchange rate as on March 30, 2012***	Exchange rate as on March 31, 2011	Exchange rate as on March 31, 2010
USD	60.0933	60.0998	54.3893	51.1565	44.65	45.14
Euro	82.0094	82.5765	69.5438	68.3403	63.24	60.56
GBP	102.3269	99.8498	82.3209	81.7992	71.9289	68.0328

*Source: Reserve Bank of India ("**RBI**")*
** Not available for March 29, 2014, March 30, 2014 and March 31, 2014 on account of holidays.*
*** Not available for March 29, 2013, March 30, 2013 and March 31, 2013 on account of holidays.*
**** Not available for March 31, 2012 on account of it being a holiday.*

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will continue", "seek to", "will pursue" or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements being 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, including, but not limited to:

- our ability to maintain and enhance the '*Monte Carlo*' brand;
- seasonal nature of our business, and generation of lower revenues during the third quarter of a particular fiscal;
- our limited operating experience, limited brand recognition in new markets and limited brand recognition as a warm-weather apparel brand in the apparel industry;
- our ability to successfully execute our expansion strategy of strengthening our sales network by opening new exclusive brand outlets, in a timely manner or at all,
- fluctuations in our cost of production due to prices of woollen yarn and cotton fabric as well as their unavailability;
- our limited manufacturing capacity may restrict our future growth;
- our ability to successfully locate our '*Monte Carlo Exclusive Brand Outlets*' to attract customers;
- our ability to maintain our market position;
- our reliance on third party suppliers for our raw materials and for manufacture a significant part of our products; and
- our limited experience in operating as an independent company at our current scale of operations and our ability to manage our operations at our current size or to manage any future growth effectively.

For a further discussion of factors that could cause our actual results to differ, see "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 11, 105 and 208, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Red Herring Prospectus and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statement based on them could prove to be inaccurate.

Neither our Company, nor the Selling Shareholders, nor the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, the Selling Shareholders and the BRLMs will ensure that investors in India are informed of material developments until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer.

SECTION II - RISK FACTORS

*An investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding, you should read this section together with "**Our Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 105 and 208, respectively, as well as the other financial and statistical information contained in this Red Herring Prospectus.*

Any of the following risks as well as the other risks and uncertainties discussed in this Red Herring Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition.

This Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. You should not invest in this offering unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

The financial information in this section is derived from our restated financial statements as at and for the three months ended June 30, 2014 and the years ended March 31, 2014, March 31, 2013 and March 31, 2012.

Internal Risk Factors

1. If we are unable to maintain and enhance the 'Monte Carlo' brand, the sales of our products will suffer which would have a material adverse effect on our results of operations.

We believe that the brand image we have developed has significantly contributed to the success of our business. We also believe that maintaining and enhancing the '*Monte Carlo*' brand, are critical to maintaining and expanding our customer base. Maintaining and enhancing our brand may require us to make substantial investments in areas such as research and development, outlet operations, marketing and employee training, and these investments may not be successful. In particular, as we expand into new geographic markets, consumers in these markets may not accept our brand. We anticipate that, as our business expands into new markets and as the market becomes increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Our brand may also be adversely affected if our public image or reputation is tarnished by negative publicity. Maintaining and enhancing our brands will depend largely on our ability to maintain our position as one of the leading Indian apparel brands based on revenue *(Source: Technopak Report, 2014)*, to anticipate, gauge and respond in a timely manner to changing fashion trends and consumer demands and preferences, and to continue to provide high quality products and services, which we may not do successfully. If we are unable to maintain or enhance our brand image, our results of operations may suffer and our business may be harmed.

2. Our business is subject to seasonality, with a significant portion of revenue generated primarily during the third quarter of each fiscal year. Lower revenues generated during the third quarter of a particular fiscal year may result in a material adverse effect on the operations and business of the Company.

Our business is seasonal in nature, with a significant portion of revenue generated primarily during the third quarter of each fiscal year. We believe that the seasonality of our business is substantially dependent upon the seasonality in the sales of our winter products which primarily occurs in the third quarter of any particular fiscal year, as our winter products are typically higher in value in terms of production cost as well as sales revenue, and accordingly generate higher revenue, in comparison with our non-winter products. This increase in revenue is primarily driven by the sale of our wollen apparel which includes sweaters, jackets, cardigans and sale of certain cotton and cotton-blended products such as cotton jackets, suits, sweat shirts, full sleeve t-shirts and shirts in the winter. Additionally, weather conditions also have a material impact of our sales as a longer winter ensures higher sales while a mild and short winter adversely affects our results of operations. A mild and short winter may also have a material adverse effect on our next season sales as most of the multi brand outlets ("**MBOs**") and '*Monte Carlo Exclusive Brand Outlets*' may have unsold stocks from the previous season and might place smaller orders compared to the last season. For instance, we believe that our sales were negatively impacted by the short winter in fiscal 2012, which led to a decrease in consumption of woollen yarn, woven fabric and knitted cloth and our cost of materials consumed decreased by ₹ 91.59 million, or 8.23%, from ₹ 1,112.97 million in fiscal 2012 to ₹ 1,021.38 million in fiscal 2013, which was caused by decline in the demand of our apparel products.

As a result, factor outside our control, including the extent and duration of the winter season in India in any particular fiscal year may result in lower revenues during the third quarter of that particular fiscal year, resulting in a material adverse effect on the operations and business of the Company.

3. Our limited operating experience, limited brand recognition in new markets and limited brand recognition as a warm-weather apparel brand in the apparel industry may limit our expansion strategy and cause our business and growth to suffer.

We seek to increase our presence in southern and western India as a part of our endeavour to increase the market penetration of our products and brand across India. Given the tropical climate of southern and western India, we intend to focus on the sales of our cotton and cotton blended apparel in these markets. Further, we have a limited number of customers and limited experience in operating '*Monte Carlo Exclusive Brand Outlets*' in these markets and we may face risks in relation to delayed acceptance of our products due to limited brand recognition, as well as the perception that we are a cold-weather apparel brand. We may also face risks in expanding our operations in geographic areas in which we do not possess the same level of familiarity with the economy, consumer preference, commercial operations and distribution network and with product offerings that we have limited operating experience of. In addition, our competitors in such geographic areas may already have established operations in such geographic areas and particularly in the cotton and cotton blended apparels market, and we may find it difficult to attract customers in such geographic areas. Our expansion plans could be delayed or abandoned, could cost more than anticipated and could divert resources from other areas of our business or divert management's attention from other aspects of our business and place a strain on our management, operational and financial resources, as well as our information systems, any of which could impact our competitive position and reduce our revenue and profitability.

4. We may not be able to successfully execute our expansion strategy of strengthening our sales network by opening new exclusive brand outlets, in a timely manner, if at all, which could harm our results of operations.

We distribute our portfolio of products through '*Monte Carlo Exclusive Brand Outlets*' and MBOs including certain national chain stores. The contribution to our total operating revenue through the '*Monte Carlo Exclusive Brand Outlets*' and through the MBOs for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012 were approximately 25.84%, 31.29%, 35.21% and 33.28%; and 54.10%, 58.33%, 56.82% and 56.69%, respectively, of our total revenue from operations (gross). While we intend to continue our expansion in tier-I cities in north India, we also seek to focus on the tier-II cities in north, east and central India and tier-I cities of south and west India by opening additional '*Monte Carlo Exclusive Brand Outlets*'. As on June 30, 2014, there were 196 '*Monte Carlo Exclusive Brand Outlets*' in India, and two in Dubai and one in Kathmandu, Nepal. Further, as of June 30, 2014, we supplied our products to over 1,300 MBOs. Our Board of Directors has a target of 275 '*Monte Carlo Exclusive Brand Outlets*' by the end of Fiscal 2017. However, we have not identified any specific locations or entered into discussion with franchise partners for new '*Monte Carlo Exclusive Brand Outlets*' and our ability to effectively execute our expansion strategy depends on our ability and that of our franchisees to open new '*Monte Carlo Exclusive Brand Outlets*' successfully, which depends on many factors, including, among other things, our ability to:

- identify suitable store locations, the availability of which is outside of our control;
- negotiate acceptable lease terms for outlets that are operated under our franchisee model;
- source sufficient levels of inventory at acceptable costs to meet the needs of new outlets;
- successfully integrate new outlets into our existing operations;
- identify and satisfy the merchandise preferences of new geographic areas; and
- train store personnel.

If we are unable to successfully execute our expansion strategy by way of opening and operating additional '*Monte Carlo Exclusive Brand Outlets*', our business, results of operations and financial condition may be materially and adversely affected. In addition, although it is not our intention to open new '*Monte Carlo Exclusive Brand Outlets*' that will reduce the sales of our existing sales network, our growth strategy creates the risk of sales cannibalization, as the new points of sale could be in the vicinity of existing ones. There can be no assurance that sales cannibalization will not inadvertently occur or become more significant in the future as we gradually increase our presence in existing markets over time to maximize our competitive position and financial performance in each market.

5. Our cost of production is exposed to fluctuations in the prices of woollen yarn and cotton fabric as well as its unavailability.

We are exposed to fluctuations in the prices of woollen yarn and cotton fabric as well as its unavailability, particularly as we typically do not enter into any supply agreements with our suppliers and both yarn and fabric are bought by our Company either from the Group Companies at spot prices or from third parties in the spot market. The average actual prices of woollen yarn paid by us during the three months ended June 30, 2014, in fiscal 2014, fiscal 2013 and fiscal 2012 were ₹ 940.14, ₹ 1,044.05, ₹ 954.84 and ₹ 822.71, per kilogram, respectively. The average actual prices of cotton fabrics, which includes cotton woven fabric and cotton knitted cloth, paid by us for the three months ended June 30, 2014, in fiscal 2014, fiscal 2013 and fiscal 2012, were approximately ₹ 150.78, ₹ 130.66, ₹ 121.07 and ₹ 120.65, per meter for cotton woven fabric,and ₹ 403.84, ₹ 382.50, ₹ 360.28 and ₹ 361.63, per kilogram for cotton knitted cloth.

For details of purchase of goods, including raw materials from our Group Companies, see "***Risk Factors 10. - We rely on certain Group Companies, including OWML and Nahar Spinning Mills Limited, for procurement of raw materials and outsourcing the manufacture of certain of our apparel, and any potential conflicts of interest pursuant to such related party transactions could have a material adverse effect on our business, financial condition and results of operations***" on page 15.

We may be unable to control or provide for the factors affecting the price at which we procure our woollen yarn or our cotton fabric. For instance, the price of woollen yarn is subject to, in turn, fluctuations in the prices of wool in the international markets at which our suppliers procure wool. Further, as the woollen yarn we procure primarily from OWML is manufactured from imported wool procured from international markets, any fluctuations in the price of the wool in the international markets, due to fluctuations in foreign exchange rates, will impact the prices at which OWML procures wool which in turn will impact the prices at which our Company procures the woollen yarn from OWML.

We also face the risks associated with compensating for or passing on such increase in our cost of production on account of such fluctuations in prices to our customers. Particularly, we face the risk of our products becoming unaffordable for a segment of the demography, if we pass on the increase in the cost of production to our customers through a corresponding increase in the price of our products in order to maintain our historical margins. Upward fluctuations in the prices of cotton fabric and woollen yarn may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial condition and results of operations. For further details of our procurement operations and our cost of production, see "***Our Business***" on page 105.

6. Our future growth can be restricted by our limited manufacturing capacity.

We operate two manufacturing facilities in Ludhiana, Punjab, one for our woollen apparel products and one for our cotton apparel products. As of June 30, 2014, we had 595 knitting machines in our woollen manufacturing facility. Almost all our woollen knitted products are manufactured in-house at our manufacturing facility in Ludhiana. We have also recently commenced in-house manufacturing of some of our cotton t-shirts and thermals from April 2014.

According to the *Technopak Report, 2014*, the Indian branded apparel industry is estimated to be approximately US$ 13,131 million in fiscal 2015 and is projected to grow up to US$ 34,182 million by fiscal 2020. Further, according to the *Technopak Report*, 2014, India's winter wear market is growing at a CAGR of 9%, and the CAGR for volume and value growth of woollen apparel market in India for the period 2012 to 2017 is expected to be 7% and 12%, respectively. If we are unable to expand our manufacturing capacity in our facilities, we may not be able to tap such growth opportunities in the branded apparel market. Outsourcing the manufacturing of our woollen knitted products and certain cotton apparel may increase our cost of production, and may have an adverse impact on the quality of our products which may have an adverse impact on our results of operations. See also, "***Risk Factors** – **9. We rely on third party suppliers to provide our raw materials and to manufacture a significant part of our products, and we have limited control over them and may not be able to obtain quality products on a timely basis or in sufficient quantity which may have a material adverse effect on our results of operations***" on page 15.

7. Our ability to attract customers to our 'Monte Carlo Exclusive Brand Outlets' depends heavily on successfully locating our outlets in suitable locations and providing a distinctive in-store experience and any impairment of an outlet location, including any decrease in customer traffic, could cause our sales to be less than estimated and have a material adverse effect on our results of operations.

The success of any exclusive brand outlet depends substantially on its location and our ability to provide a distinctive in-store experience. Sales at such exclusive brand outlets are derived, in part, from the volume of foot traffic in these locations. Outlet locations may become unsuitable due to, and our sales volume and customer traffic generally may be harmed by, among other things:

- economic slowdown in a particular area or city/region;
- competition from nearby retailers selling woollen or cotton apparel;
- changing consumer demographics in a particular market;
- changing lifestyle choices of consumers in a particular market; and
- the closing or decline in popularity of other businesses location near our outlet.

Changes in areas around our outlet locations that result in reductions in customer foot traffic or otherwise render the locations unsuitable could cause our sales to be less than estimated. Our ability to effectively obtain suitable commercial property to relocate existing outlets or open new outlets depends on the availability of commercial property that meets our criteria for customer traffic, square footage, lease economics, demographics and other factors, including our ability to negotiate terms that meet our financial targets. Failure to secure adequate new locations or failure in providing a unique in-store experience could have a material adverse effect on our results of operations. In addition, rising real estate prices may restrict our ability to lease new desirable locations or our ability to find franchisees willing to operate in desirable yet more expensive locations. If we cannot obtain desirable locations at reasonable prices our ability to effect our growth strategy will be adversely affected.

8. We operate in a highly competitive environment and may not be able to maintain our market position, which may adversely impact our business, results of operations and financial condition.

The apparel industry and the woollen industry in particular, are highly and increasingly competitive and our results of operations and financial condition are sensitive to, and may be materially adversely affected by, competitive pricing and other factors. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow our market share, any of which could substantially harm our business and results of operations.

We compete directly against wholesalers and direct retailers of apparel, diversified apparel companies with substantial market share, established companies selling internationally renowned brands, as well as against domestic retailers and regional competitors. Many of our competitors are large apparel companies with strong brand recognition. However, the domestic apparel segment is fragmented and continues to be dominated by unorganised and regional suppliers. We compete primarily on the basis of brand image, style, performance and quality. We believe that in order to compete effectively, we must continue to maintain our brand image and reputation, be flexible and innovative in responding to rapidly changing market demands and consumer preferences, and offer consumers a wide variety of high quality apparel at competitive prices.

Many of our competitors, specifically the international brands, have significant competitive advantages, including longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. The number of our direct competitors and the intensity of competition may increase as we expand into other product lines or as other companies expand into our product lines. Our competitors may enter into business combinations or alliances that strengthen their competitive positions or prevent us from taking advantage of such combinations or alliances. Our competitors also may be able to respond more quickly and effectively than we can to new or changing opportunities, standards or consumer preferences, which could result in a decline in our revenues and market share. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

9. We rely on third party suppliers to provide our raw materials and to manufacture a significant part of our products, and we have limited control over them and may not be able to obtain quality products on a timely basis or in sufficient quantity which may have a material adverse effect on our results of operations.

Other than woollen knitted apparel and a portion of cotton t-shirts and thermals, we outsource the manufacture of all of our woollen woven apparels, our cotton knitted and woven apparels and our cotton-blended apparels to third party manufacturers, including certain of our Group Companies. Of the total manufacturing outsourced, 65.35%, 35.53%, 59.69% and 54.00% of the manufacturing was outsourced to third parties and 34.65%, 64.47%, 40.31% and 46.00% of the manufacturing was outsourced to our Group Companies in the three months ended June 30, 2014, fiscals 2014, 2013 and 2012, respectively. Further, we also source all of our raw materials from third-party suppliers including, certain of our Group Companies. If we experience significant increased demand, or need to replace an existing manufacturer, there can be no assurance that additional supplies of raw materials or additional manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer would allocate sufficient capacity to us in order to meet our requirements or fill our orders in a timely manner. Even if we are able to expand existing or find new manufacturing or raw material sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products and quality control standards. Delays related to supplier changes could also arise due to an increase in shipping times if new suppliers are located farther away from our markets or from other participants in our supply chain. Any delays, interruption or increased costs in the supply of raw materials or manufacture of our products could have an adverse effect on our ability to meet customer demand for our products and result in lower revenue from operations both in the short and long term.

In addition, there can be no assurance that our suppliers and manufacturers will continue to provide yarn, fabrics and other raw materials or manufacture products that are consistent with our standards. We have occasionally received, and may in the future continue to receive, shipments of products that fail to conform to our quality control standards. In that event, unless we are able to obtain replacement products in a timely manner, we risk the loss of revenue resulting from the inability to sell those products and related increased administrative and shipping costs.

10. We rely on certain Group Companies, including OWML and Nahar Spinning Mills Limited, for procurement of raw materials and outsourcing the manufacture of certain of our apparel, and any potential conflicts of interest pursuant to such related party transactions could have a material adverse effect on our business, financial condition and results of operations.

We are significantly dependent upon OWML, one of our Group Companies, for procurement of woollen yarn for our operations and also rely on certain of our other Group Companies for procurement of other raw materials. Our Company purchased, among others, woollen yarn, cotton fabric, and knitted cloth from OWML, Nahar Industrial Enterprises Limited ("**NIEL**") and Nahar Spinning Mills Limited ("**NSML**"), which in aggregate accounted for the following percentages of our total raw materials procured in the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012:

Name of Group Company	Three months ended June 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
OWML	52.47%	50.31%	65.17%	57.63%
NIEL	7.56%	3.23%	2.78%	2.90%
NSML	16.99%	18.15%	12.88%	12.90%

For details on the percentage of other raw materials purchased from our Group Companies, see "***Financial Statements – Annexure 33 – Statement of Related Parties Transactions and Balances, as Restated***" on page 198.

Additionally, we also outsource our manufacturing to NSML and Cotton County Retail Limited. Of the total manufacturing outsourced, we outsourced 31.93%, 63.95%, 40.25% and 45.92%, respectively, to NSML and 0.00%, 0.00%, 0.05% and 0.08%, respectively, to Cotton County Retail Limited, for the three months ended June 30, 2014, fiscals 2014, 2013 and 2012.

However, we do not have any long term or short term agreements with any of our Group Companies for supply of woollen yarn or fabric, and we purchase woollen yarn and fabric from them on spot basis. We have also not entered into any long term or short term agreement with NSML or Cotton County Retail Limited, pursuant to which we outsource our manufacturing to them. In addition, our Company has also executed certain lease deeds with our Group Companies, OWML and NSML, for the use of certain premises owned by them as godowns, warehouses, factory space and showrooms. Additionally, one of our Group Companies, Vanaik Spinning Mills Limited operates an online shopping website www.montecarloshop.in through which they sell our products online.

In the event that we are unable to maintain our relationship with our Group Companies, for any reason, we may not be able to procure woollen yarn from OWML or outsource our manufacturing at reasonable terms and quantities, or at all and in such an event, we may be required to make alternative arrangements for such activities. The costs of any such alternative arrangements may be significant, or we may not be able to find such alternative arrangements within a reasonable time or at all, which may in turn have an adverse effect on our business, results of operation and financial condition.

Further, we have entered into certain other transactions with related parties, including our Promoters, Directors and Group Companies and may continue to do so in the future. These transactions or any future transactions with our related parties could potentially involve conflicts of interest. For further information, see "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***", "***Our Promoters and Group Companies***", and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 198, 143 and 208, respectively.

While we believe that all our related party transactions have been conducted on an arm's length basis, and pursuant to a certificate dated September 23, 2014, Gupta, Vigg & Co., Chartered Accountants, have certified that related party transactions have been conducted on an arm's length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

11. We have limited experience operating as an independent company at our current scale of operations and if we are unable to manage our operations at our current size or to manage any future growth effectively, our brand image and financial performance may suffer.

Our Company was incorporated as a subsidiary of Oswal Woollen Mills Limited ("**OWML**"). Subsequently, pursuant to the scheme of arrangement and demerger with OWML as approved by the Punjab and Haryana High Court, through an order dated May 20, 2011, the business carried out by OWML, comprising the processes of manufacturing, buying, selling, and dealing in knitted and hosiery garments, woollen garments, cotton garments, franchisee network and other businesses, were transferred from OWML to our Company, with effect from April 1, 2011. For details of the scheme of arrangement and demerger, see "***History and Certain Corporate Matters***" on page 125.

Although, we have expanded our operations consistently, we have limited experience operating as an independent company at our current scale of our operations. This limited independent operating experience, makes it difficult to assess our future prospects and historic growth rates or results of operations may not be representative or reliable indicators of our future performance. While we intend to continue to expand our operations in India, we may not be able to sustain historic growth levels, and may not be able to leverage our experience in our existing markets in order to grow our business in new markets. If our operations continue to grow, of which there can be no assurance, we will be required to continue to expand our sales and marketing, product development and distribution functions, to upgrade our management information systems and other processes, and to obtain more space for our expanding administrative support and other headquarters personnel. Our continued growth could increase the strain on our resources, and we could experience serious operating difficulties, including difficulties in hiring, training and managing an increasing number of employees, difficulties in obtaining sufficient raw materials and manufacturing capacity to produce our apparel, and delays in production and shipments. These difficulties would likely result in the erosion of our brand image and lead to a decrease in revenue from operations.

Further, our historical operating results for fiscal 2010 and fiscal 2011, prior to the de-merger, are substantially different from our results of operations for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012 and our results of operations on a going-concern basis. While we have included the audited restated financial statements of our Company for fiscal 2014, fiscal 2013, fiscal 2012, fiscal 2011 and fiscal 2010, pursuant to requirements of the SEBI ICDR Regulations and applicable laws; only the audited restated financial statements for fiscal 2014, fiscal 2013 and fiscal 2012 include the full year impact of the de-merger and our business operations after such de-merger. We have not separately included the historical financial results of OWML for fiscal 2011 and fiscal 2010 for the results of operations of the apparel business under the '*Monte Carlo*' prior to the de-merger.

12. Our results of operations may be materially adversely affected by our failure to anticipate and respond to changes in fashion trends and consumer preferences in a timely manner.

Our results of operations depend upon the continued demand by consumers for our products. We believe that our success depends in large part upon our ability to anticipate, gauge and respond in a timely manner to changing fashion trends and consumer demands and preferences and upon the appeal of our products. If we are unable to anticipate consumer preferences or industry changes, or if we are unable to modify our products on a timely basis, we may lose customers or become subject to greater pricing pressure. For instance, we commence our distribution operations in respect of woollen knitwear products for a particular fiscal year only in the third week of September of that particular fiscal year, while we typically commence our production operations in the month of May of the preceding fiscal year, and therefore, the prevailing customer preferences and fashion trends are unknown to us during a period of our production cycle. Further, while we send out our sample designs, being designs that are manufactured and sold for a particular season only, based on customer preferences and fashion trends, for compilation of orders, we start production for our classic designs without an order book. A decline in demand for our products, particularly in our classic designs which, are the basic designs of the Company that are manufactured without an order book every year, or a misjudgement on our part could, among other things, lead to lower sales, excess inventories and higher markdowns, each of which could have a material adverse effect on our brand, reputation, results of operations and financial condition.

13. We do not generally enter into agreements with our suppliers or manufacturers and accordingly may face disruptions in supply from our current suppliers or manufacturers.

We generally do not enter into agreements with our suppliers including for woollen or cotton yarn that we purchase, or with any of our third party manufacturers, and typically transact business on an order-by-order basis. There can be no assurance that there will not be a significant disruption in the supply of raw materials or finished products from current sources or, in the event of a disruption, that we would be able to locate alternative suppliers of materials or third party manufacturers of comparable quality at an acceptable price, or at all. Identifying a suitable supplier or a third party manufacturer is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labor and other ethical practices.

Further, we cannot assure you that our third party manufacturers will continue to be associated with us on reasonable terms, or at all. Since such third party manufacturers are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms to such third party manufacturers, which may cause them to cater to our competitors alongside, or even instead of us. Any interruptions to the manufacturing operations of the third party manufacturers due to strikes, lock outs, work stoppages or other forms of labour unrest, break down or failure of equipment, floods and other natural disaster as well as accidents could affect our ability to receive an adequate supply of quality products at reasonable prices.

Any delays, interruption or increased costs in the supply of fabric or manufacture of our products arising from a lack of long-term contracts could have an adverse effect on our ability to meet customer demand for our products and result in lower revenue from operations both in the short and long term.

14. We rely on third parties for substantially all of our sales and distribution operations, and if such third parties fail to assist us in a consistent, timely and efficient manner, our business, results of operations and financial condition may be adversely affected.

Our sales and distribution operations depend substantially upon our network of third parties acting as either commissioned agents who conduct our supplies to MBOs or as franchisees who operate our '*Monte Carlo Exclusive Brand Outlets*'. As of June 30, 2014, we have entered into exclusive agreements with 21 commissioned agents through whom we distribute our products to over 1,300 MBOs and our total revenue through the MBOs for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012 were approximately 54.10%, 58.33%, 56.82% and 56.69%, respectively, of our total revenue from operations (gross). Further, we have entered into franchisee agreements with third parties who operate our '*Monte Carlo Exclusive Brand Outlets*'. As of June 30, 2014, we own and operated 18 '*Monte Carlo Exclusive Brand Outlets*' and our franchisees operated an additional 178. We cannot assure you that such third parties will be able to establish or maintain adequate sales capabilities, or will be successful in ensuring sale of our products.

Further, although we enter into exclusive agreements with such third parties, we cannot assure you that such third parties will be able to fulfil their obligations under such agreements entirely, in a manner acceptable to us, or at all. Franchisees, as independent business operators, may, from time to time, disagree with us and our strategies regarding the business or our interpretation of our respective rights and obligations under applicable franchise agreements. We cannot assure you that such third parties shall not breach certain terms of such agreements, or shall not choose to terminate their agreements with our Company. We may have to initiate litigation in respect of any breach by such third parties, and such litigation could divert the attention of our management from our operations, which could harm our business, financial condition and results of operation. We further cannot assure you that the outcome of any such litigation will be favourable to us. Further, we have faced instances in the past of our franchisees passing off unbranded apparel under our "*Monte Carlo*" brand. Any adverse experience of customers of franchisees, or negative publicity attracted by such franchisees could adversely affect our reputation and brand and business prospects. If we are unable to establish or maintain our relationship with such third parties, our business, results of operations and financial condition may be materially and adversely affected.

15. ***We are exposed to the credit risks of our franchisees and MBOs, and any non-payment or non-performance by any of them could materially and adversely affect our financial condition and results of operations.***

We are exposed to payment delays and/or defaults by our franchisees who operate our '*Monte Carlo Exclusive Brand Outlets*' and MBOs. As of June 30, 2014, our trade receivables amounted to ₹ 849.87 million and accounted for 17.97% of our current assets. Our financial position and profitability therefore depend on the credit-worthiness of our franchisees and MBOs. In the past, for example, certain franchisees did not pay sales proceeds due to us, resulting in the termination of our arrangements with such franchisees and to the closure of the exclusive brand outlets that they operated.

Certain of these counterparties may have weak credit histories and we cannot assure you that these counterparties will always be able to pay us in a timely fashion, if at all. Any change in the financial condition of our franchisees or MBOs that adversely affects their ability to pay us may materially adversely affect our results of operations and financial condition.

16. ***We rely on third-party transportation providers for substantially all of our product distribution and failure by any of our transportation providers to deliver our products on time or at all could result in lost sales.***

We currently rely upon third-party transportation providers for substantially all of our product distribution. Our utilization of delivery services for shipments is subject to risks, including increases in fuel prices, which would increase our delivery costs, and employee strikes and inclement weather, which may impact the ability of providers to provide delivery services that adequately meet our transportation needs. If we lose one or more of our transportation providers, we may not be able to obtain terms as favorable as those we receive from the third-party transportation providers that we currently use, which in turn would increase our costs and thereby adversely affect our operating results. Further, our transportation providers do not carry any insurance coverage and therefore, any losses that may arise during the transportation process will have to be claimed under the Company's marine cargo open policies, covering goods dispatched from Ludhiana to anywhere in India (including sale return) through road / rail / air / courier / post parcel / multimode transshipment and storage. There can be no assurance that we will receive compensation for any such claims in a timely manner or at all, and consequently, any such loss may adversely affect our financial condition and results of operations. For further details on all our insurance policies, see "***Our Business***" on page 105.

17. ***Continued operations of our manufacturing facilities are critical to our apparel business and any disruption in the operation of our facilities may have a material adverse effect on our business, results of operations and financial condition.***

We operate two manufacturing facilities in Ludhiana, Punjab, one for our woollen apparel products and one for our cotton apparel products. Our manufacturing facilities are subject to operating risks, such as unavailability of machinery, break-down, obsolescence or failure of machinery, disruption in power supply or processes, performance below expected levels of efficiency, labour disputes, natural disasters, industrial accidents and statutory and regulatory restrictions. Certain machines used in our manufacturing facilities are pre-owned and are not currently in production. Our machines have limited lives and require daily cleaning as well as annual over hauling maintenance. Further, in the past we have primarily imported our machinery from outside India. The service and repair centres for such imported machinery may not be available in India. In the event of a breakdown or failure of such machinery, replacement parts may not be available in India and such machinery may have to be sent for repairs or servicing to the country from where it was procured. This may lead to delay and disruption in our production process that could have an adverse impact on our sales, results of operations, business growth and prospects.

In addition, our distributors and franchisees rely significantly on the timely delivery of our products and our ability to provide an uninterrupted supply of our products is critical to our business. Any disruption of operations of our manufacturing facilities could result in delayed delivery of our products or defects in the apparel delivered to our distributors and franchisees, which in turn may lead to disputes and legal proceedings with them on account of any losses suffered by them or any interruption of their business operations due to such delay or defect. Our business and financial results may be adversely affected by any disruption of operations of our manufacturing facilities, on account of factors including any or all of the factors mentioned above.

18. ***Conflicts of interest may arise out of common business objects shared by our Company and our Group Companies.***

Certain Group Companies, including, Cotton County Retail Limited, are authorized to carry out common business objects with our Company. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company and our Group Companies in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour other companies in which our Promoters have interests. There can be no assurance that our Promoters or our Group Companies or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition.

19. ***The use of "Monte Carlo" or similar trade names by third parties may result in loss of business to such third parties, and any potential negative publicity relating to such third parties may adversely affect our reputation, the goodwill of our brand and business prospects.***

We believe our success depends in large part on our brand image. We believe that our trademarks and other proprietary rights have significant value and are important to identifying and differentiating our products from those of our competitors and creating and sustaining demand for our products. We have applied for the registration of "*Monte Carlo*" and our logo as appearing on the cover page of this Red Herring Prospectus, with the Registrar of Trademarks. Further, we have registered or have applied for registration for several trademarks in relation to our various apparel ranges under the '*Monte Carlo*' brand in India such as '*Platine*', '*Alpha*' and '*Tweens*'. We are yet to receive registration or final approval for use of some of our trademarks from the Registrar of Trademarks. For further information, see "***Government and Other Approvals***" on page 245. However, we cannot guarantee that any of our pending trademark applications will be approved by the applicable governmental authorities. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge these registrations. We are aware of other entities that are using "*Monte Carlo*" or similar trade names. The use of "*Monte Carlo*" or similar trade names by third parties may result in confusion among customers and loss of business. In addition, any adverse experience of customers of such third parties, or negative publicity attracted by such third parties could adversely affect our reputation and brand and business prospects.

We cannot assure you that the steps taken by us to protect our intellectual property rights will be adequate to prevent infringement of such rights by others, including imitation of our products and misappropriation of our brand. Additionally, we cannot assure you that obstacles will not arise as we expand our product line and the geographic scope of our sales and marketing. Third parties may assert intellectual property claims against us, particularly as we expand our business and the number of products we offer. Our defense of any claim, regardless of its merit, could be expensive and time consuming and could divert management resources.

Successful infringement claims against us could result in significant monetary liability or prevent us from selling some of our products. In addition, resolution of claims may require us to redesign our products, license rights from third parties or cease using those rights altogether. Any of these events could harm our business and cause our results of operations, liquidity and financial condition to suffer.

20. We intend to undertake strategic investments and acquisitions of businesses in the apparel industry in relation to our growth strategy. If we are unable to successfully identify and integrate acquisition, our growth strategy and prospects may be adversely affected.

We believe that our efforts at diversifying into new segments of the branded apparel industry or into new domestic or international markets can be facilitated by investing in similar business opportunities or making acquisitions of existing business and companies with manufacturing facilities, market share or growth potential, whose operations, resources, capabilities and strategies are complementary to our Company. We cannot assure you that we will succeed in implementing this strategy as it is subject to many factors which are beyond our control, including our ability to identify, attract and successfully execute suitable acquisition opportunities and partnerships, arrange adequate financing on commercially reasonable terms for planned acquisitions or investments, negotiate commercially reasonable terms for strategic partnerships, and realize our expectations and strategic objectives from planned investments and acquisitions. We cannot assure you that our acquisitions will prove value accretive to us and our shareholders.

We may face several risks in relation to our competitive and growth strategies, including but not limited to the following:

- we may not be able to complete any proposed strategic acquisitions on commercially acceptable terms;
- our due diligence processes may fail to identify all the problems, liabilities or other shortcomings or challenges in relation to proposed strategic transactions;
- we may face difficulties in integrating acquired entities' accounting, management information, human resource, technology and other administrative systems with our own;
- we may have higher than anticipated costs in relation to proposed strategic transactions;
- we may not be able to achieve the strategic purpose of our proposed acquisitions, investments, alliances, collaborations or partnerships;
- our management may be distracted or strained by the challenges posed by strategic transactions, or related transition and integration activities;
- we may be unable to recruit, train and retain sufficient skilled designers and other personnel, to successfully operate our growing business, including new and recent business ventures conducted pursuant to our strategic acquisitions, investments, alliances, collaborations or partnerships;
- our relationships with our current and new employees, distributors, customers, partners and service providers may be strained or impaired; and
- we may face litigation, arbitral or other claims in connection with, or may inherit such claims or liabilities, as a result of any strategic transaction, including claims from erstwhile employees, distributors, customers, partners, service providers or other third parties.

Any inability to identify suitable acquisition, investment or other strategic growth opportunities or to complete such transactions on commercially viable terms in the future may adversely affect our competitiveness or growth prospects.

21. If we are unable to accurately forecast customer demand for our basic apparel products, we may not be able to maintain adequate inventory levels and this could result in delays in the shipment of products to our points of sale and may harm our results of operations and customer relationships.

While we manufacture and supply our designer apparel products based on orders received through our commissioned agents from MBOs and orders received from the franchised '*Monte Carlo Exclusive Brand Outlets*'; for our apparel products with basic designs, the quantity manufactured is decided based on management estimates of demand using historical sales data which is used to extrapolate expected future sales pattern, and we start production of our basic designs before the preparation of an order book. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale in our outlets for such basic apparel products. There can be no assurance that we will be able to successfully manage our inventory at a level appropriate for future customer demand.

Factors that could affect our ability to accurately forecast customer demand for our products include:

- a substantial increase or decrease in consumer demand for such products or for such products of our competitors in any particular fiscal;
- failure to accurately forecast consumer acceptance for such products;
- product introductions or aggressive pricing strategies by competitors;
- limited historical store sales information for our newer markets; and
- weakening of economic conditions or consumer confidence, which could reduce demand for such products.

Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would cause our gross margin to suffer and could impair the strength and exclusivity of our brand. In addition, if we underestimate customer demand for our products, we may not be able to manufacture the required quantities and may be required to outsource the manufacture of additional quantities to third parties. Our third party manufacturers may not be able to deliver products to meet our requirements, and this could result in delays in the shipment of products to our points of sale and may damage our reputation and customer relationships. We may also be adversely affected by unauthorized removal of inventory and products from '*Monte Carlo Exclusive Brand Outlets*', MBOs, our manufacturing facilities and our distribution centers. There can be no assurance that we will be able to successfully manage our inventory at a level appropriate for future customer demand.

22. Our indebtedness and imposition of certain restrictive covenants in our debt financing arrangements could adversely affect our financial condition and results of operations.

As on October 31, 2014, our total outstanding indebtedness amounted to ₹ 2,271.67 million. Some of our debt financing agreements contain requirements to maintain certain security margins, financial ratios and also contain restrictive clauses, such as requiring prior consent of the lenders for, among other things, altering our memorandum and articles of association or capital structure or altering the shareholding pattern, obtaining any additional loans, effecting any scheme of amalgamation or reconstruction, for further expansion of business or taking up a new business activity or investing in a subsidiary whether in the same line of business or in any unrelated business, creating any charge or lien on our assets, or bringing about any change, whether directly or indirectly, in the management and control of our Company. In addition, as all or a substantial portion of our borrowings are at floating rates of interest, and any fluctuations in interest rates may affect our cost of borrowings. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions that we believe are necessary to operate and grow our business. Our level of existing debt and any new debt that we may incur in the future has important consequences. For example, such debt could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital, capital expenditures and other general corporate requirements;
- require us to dedicate a substantial portion of our cash flow from operations to service our debt;
- limit our flexibility to react to changes in our business and in the industry in which we operate;
- place us at a competitive disadvantage with respect to any of our competitors who have less debt or whose cost of debt is lower;
- require us to meet additional financial covenants;
- limit, along with other restrictive covenants, among other things, our ability to borrow additional funds; and
- lead to circumstances that result in an event of default, if not waived or cured. A default under one loan agreement may also trigger cross-defaults under other loan agreements.

Any of these developments could adversely affect our business, financial condition and results of operations. For details regarding our financial indebtedness, please see "***Financial Indebtedness***" on page 204.

Further, we cannot provide any assurance that our business will generate cash in an amount sufficient to enable us to service our debt or to fund our other liquidity needs as they come due. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot provide any assurance that we will be able to refinance any of our debt on commercially reasonable terms, or at all. If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financings on terms acceptable to us, our business, financial condition and results of operations may be adversely affected.

23. Our operations and revenue are, currently, primarily concentrated in the northern and north-eastern regions of India and the inability to retain and grow our business in other regions of India may have an adverse effect on our business and prospect.

Our operations and revenues are, currently, significantly concentrated in the northern and north-eastern regions of India. Further, our manufacturing facilities are also located in northern India. While our strategic objectives include geographical expansion across India, including in the southern and western regions of India, in the event of a significant drop in our sales from the northern and north-eastern regions of India or the emergence of a strong pan-India apparels provider (or an aggregation of several strong regional players) competing in the segments in which we operate, our business, financial condition, results of operations and prospects may be adversely affected.

24. Irregularities in the duration and extent of the winter season may impact our operations and results of operations.

As per the *Technopak Report, 2014*, northern India experiences approximately four months of intense winter, i.e., from November until February. In comparison southern and western India generally face warm and/or extremely hot weather, with no winters at all. Winter products are thus, restricted to certain zones and the northern and eastern markets in India are the most important for this category.

Our operations and revenue are, currently, primarily concentrated in the northern and north-eastern regions of India. We aim to dispatch our winter products to the '*Monte Carlo Exclusive Brand Outlets*' and MBOs to cater to the retail consumers' demands for the winter season until December or January depending upon the duration and severity of the winter in that particular year. Irregularities in the duration and extent of the winter season, such as a short or mild winter or the absence of winter in the northern and eastern regions, where our revenues and operations are concentrated, may adversely affect the sales of our winter products and consequently, our business and results of operations. For instance, we believe that our sales have been negatively impacted in the past due to a short winter in fiscal 2012, and we cannot assure you that we would not experience such irregularities in the winter season in the future.

25. The loss of the services of our Promoters, who are also involved in our operations, and other members of our senior management team or our inability to attract and retain skilled personnel could adversely affect our business.

Our Promoter, Chairman and Managing Director, Mr. Jawahar Lal Oswal has over 50 years experience in the textile and woollen industry and is responsible for the growth of our business and is closely involved in the overall strategy, direction and management of our business. We believe our management and their understanding of the industry trends and market changes have been instrumental in the success of the '*Monte Carlo*' brand amongst our customers. We are also dependent on our senior management, directors and other key personnel. Further, we have over 30 professionals in our design, development and merchandising department dedicated to developing new products, improving existing ones and forecasting fashion trends. Our future performance will depend upon the skills, efforts, expertise, and continued services of these persons and our ability to attract and retain qualified senior and mid-level managers. The loss of their services or those of any other members of senior management could impair our ability to implement our strategy and may have a material adverse effect on our business, financial condition and results of operations.

26. Our business operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.

As of June 30, 2014, we had 1,444 full-time employees. Although we have not experienced any major disruptions to our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Shortage of skilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations.

27. Compliance with, and changes in, environmental, health and safety laws and regulations may adversely affect our financial condition and results of operations.

We are subject to environmental, health and safety regulations. The Government of India (the "**GoI**") may implement measures towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations may require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any adverse impact or potential adverse impact on the environment or the health and safety of our workforce, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or other penalties. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

28. There is outstanding litigation involving our Company, the Promoters, the Directors and the Group Companies, which, if determined adversely, may affect their business and operations and our reputation.

Our Company, Directors, Promoters and Group Companies are involved in certain legal proceedings (including income, sales and service tax and commercial disputes) at different levels of adjudication before various courts, tribunals and appellate authorities. In the event of adverse rulings in these proceedings or consequent levy of penalties by other statutory authorities, our Company, Directors, Promoters or Group Companies may need to make payments or make provisions for future payments, which may increase expenses and current or contingent liabilities and also adversely affect our reputation.

Brief details of such outstanding litigation as of the date of this Red Herring Prospectus are as follows:

Litigation involving our Company

(₹ in million)

S. No.	Nature of the litigation	No. of outstanding litigation	Aggregate approximate amount involved
	Litigation against our Company		
1.	Indirect tax	88	33.82
	Litigation by our Company		
1.	Criminal proceedings	4	1.65

Litigation involving our Promoters and Directors

(₹ in million)

S. No.	Nature of the litigation	No. of outstanding litigation	Aggregate approximate amount involved
	Litigation against Mr. Jawahar Lal Oswal		
1.	Direct tax	2	14.72
	Litigation against Mr. Kamal Oswal		
1.	Income tax	1	0.01
	Litigation against Ms. Monica Oswal		
1.	Income tax	1	5.46
	Litigation against Ms. Ruchika Oswal		
1.	Income tax	1	5.50

In addition, there are a number of material outstanding legal proceedings involving some of our Group Companies. For details, see "***Outstanding Litigation and Material Developments***" on page 227.

We cannot assure you that any of the legal proceedings described above will be decided in favor of the Company, the Promoters, the Directors and the Group Companies, respectively. Further, the amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed. Should any new developments arise, such as a change in Indian law or rulings by appellate courts or tribunals, additional provisions may need to be made by us, the Promoters, the Directors and the Group Companies in our respective financial statements, which may adversely affect our business, financial condition and reputation.

29. If we are unable to obtain the requisite approvals, licenses, registrations or permits to develop and operate our business or are unable to renew them in a timely manner, our business or results of operations may be adversely affected.

We require a number of approvals, licenses, registrations and permits for developing and operating our business. While we have obtained a number of required approvals for our operations, certain approvals for which we have submitted applications are currently pending. In addition, we may need to apply for additional approvals, including the renewal of approvals which may expire from time to time and approvals required for any new manufacturing facility, in the ordinary course of business.

The following table sets forth information relating to all the approvals that have been applied for and not yet obtained in relation to our business as of the date of this Red Herring Prospectus:

S. No.	Particulars
Intellectual Property	
There are 25 trademark applications pending with the Registrar of Trademarks	

For further details, see "***Government and Other Approvals***" on page 245. In particular, the following licenses pertaining to our manufacturing facilities will expire in fiscal 2015, which we propose to renew within the applicable term:

S. No.	Particulars	Registration/Reference No.	Date of Issue	Date of Expiry
1.	Consent to operate issued by the PPCB, Patiala under the Air Act, for our manufacturing facility situated at 231 and 232, Industrial Area A, Ludhiana	ZO-II/LDH/RO-IV/APC/2012/F-600	May 22, 2012	March 31, 2015
2.	Consent to operate issued by the PPCB, Patiala under the Water Act, for our manufacturing facility situated at 231 and 232, Industrial Area A, Ludhiana	Zo-II/LDH/RO-IV/WPC/2012/F-658	May 22, 2012	March 31, 2015
3.	Registration and license issued under Factories Act, 1948 by the Director of Factories, Punjab for our manufacturing facility situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana	Ldh-I/M-86/906	December 31, 2013	December 31, 2014
4.	Registration and license issued under Factories Act, 1948 by the Director of Factories, Punjab for our manufacturing facility situated at 231 and 232, Industrial Area A, Ludhiana	LDH-2/0-5-/-8	December 31, 2012	December 31, 2014

If we fail to obtain any applicable approvals, licenses, registrations or permits, including those mentioned above, in a timely manner, we may not be able to undertake certain operations of our business, or at all, which may affect our business or results of operations. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure. Our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business or results of operations. We cannot assure you that the approvals, licenses, registrations or permits issued to us may not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations or permits that have been or may be issued to us, may materially and adversely affect our business or results of operations.

30. Our Promoters, together with our Promoter Group will continue to retain majority shareholding in our Company after the Offer, which will allow them to exercise significant control over us. We cannot assure you that our Promoters and Promoter Group will always act in the best interests of the Company or you.

The majority of our issued and outstanding Equity Shares are currently beneficially owned by the Promoters and the Promoter Group. Upon completion of the Offer, the Promoters and Promoter Group will own 13,828,708 Equity Shares, or 63.63% of our post-Offer Equity Share capital, assuming full subscription of the Offer. Accordingly, the Promoters and the Promoter Group will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders approval, including the composition of the Board of Directors, the adoption of amendments to our constitutional documents, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of the Promoters and Promoter Group as the Company's controlling shareholders could conflict with the Company's interests or the interests of its other shareholders. We cannot assure you that the Promoters and Promoter Group will act to resolve any conflicts of interest in the Company's or your favour.

31. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, under some of our loan agreements, we are not permitted to declare any dividends, if there is a default under such loan agreements or unless our Company has paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see "***Dividend Policy***" on page 165.

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

While we maintain insurance coverage, in amounts which we believe are commercially appropriate, including (i) special perils insurance policies against damage, fire, burglary, loss of profit and business interruption, (ii) machinery, boiler, pressure plants and electrical equipment insurance policies; (iii) marine cargo open policies; (iv) money insurance policy; and (v) group personal accident insurance policy, we may not have sufficient insurance coverage to cover all possible economic losses, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation. Even if we have made a claim under an existing insurance policy, we may not be able to successfully assert our claim for any liability or loss under such insurance policy. Additionally, there may be various other risks and losses for which we are not insured either because such risks are uninsurable or not insurable on commercially acceptable terms. The occurrence of an event for which we are not adequately or sufficiently insured could have an adverse effect on our business, results of operations, financial condition and cash flows.

In addition, in the future, we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate or at rates which we consider reasonable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business, reputation, results of operations, financial condition and cash flows.

33. Certain of our Promoters, Directors and key managerial personnel have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.

Certain of our Promoters, Directors and key managerial personnel may be regarded as having an interest in Equity Shares held by them and by members of our Promoter Group, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. Further, pursuant to a sale deed dated October 13, 2011, our Company has acquired land situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana, from OWML for an aggregate consideration of ₹ 112.80 million. Mr. Jawahar Lal Oswal, Mr. Kamal Oswal and Mr. Dinesh Oswal, Promoters of our Company, are also the promoters of OWML. For details, see "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198.

Our Company has also executed certain lease deeds with our Group Companies, OWML and NSML, for use of certain premises owned by them as godowns, warehouses, factory space and showrooms. In addition, our Company has also entered into certain commercial arrangements with certain of our Group Companies, including procurement of woollen yarn and denim fabric from OWML, and outsourcing manufacturing of some of our cotton and cotton-blended products to NSML and Cotton County Retail Limited. For details see "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198.

In addition, certain of our individual Promoters have provided personal guarantees in relation to all of the term loans and working-capital loan facilities availed of by us. In the event that any of these guarantees are revoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities. We may not be successful in procuring alternative guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all and any such failure to raise additional capital could affect our operations and our financial condition.

For more information, see "***Our Management***" and "***Financial Indebtedness***" on pages 129 and 204.

34. Certain of our listed Group Companies have faced limited or sporadic trading of their respective equity shares in the past.

The equity shares of Kovalam Investment and Trading Company Limited ("**KITCL**") and Oswal Leasing Limited, our listed Group Companies, have ceased active trading since July 2013 and June 2001, respectively. Further, equity shares of Sankeshwar Holding Company Limited and Nahar Financial and Investment Limited, our listed Group Companies, have ceased active trading and they have made applications dated June 17, 2014, to the Delhi Stock Exchange for voluntary de-listing. There can be no assurance that the equity shares of these listed Group Companies will commence active trading in the future and that there will not be an adverse effect on our reputation.

35. We had negative cash flows from our operating activities in fiscal 2012 and from our investing activities in the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012.

In fiscal 2012, we incurred a negative cash flow from our operating activities of ₹ 8.40 million as per our restated financial statements. Further, in the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, we incurred negative cash flows from our investing activities of ₹ 394.11 million, ₹ 440.22 million, ₹ 1,961.82 million and ₹ 457.46 million, respectively, as per our restated financial statements. For details, see *"**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and* "***Financial Information***" on pages 208 and 166.

36. Certain of our Group Companies have incurred losses in previous financial years.

Some of our Group Companies have incurred losses in previous financial years, as set forth below.

(₹ in million)

Name of Group Company	Profit/(Loss) in Fiscal 2014	Profit/(Loss) in Fiscal 2013	Profit/(Loss) in Fiscal 2012

Name of Group Company	Profit/(Loss) in Fiscal 2014	Profit/(Loss) in Fiscal 2013	Profit/(Loss) in Fiscal 2012
Nahar Financial and Investment Limited	0.04	(0.02)	0.12
Nahar Industrial Enterprises Limited	692.48	418.45	(807.56)
Nahar Poly Films Limited	2.94	(66.87)	70.04
Nahar Spinning Mills Limited	1457.54	783.94	(1,173.61)
Hug Foods Private Limited	(3.22)	(6.67)	(1.24)
White Tiger Breweries and Distilleries Limited	(11.21)	(10.11)	0.05
Abhilash Growth Fund Private Limited	3.05	(5.36)	(3.64)
Palam Motels Limited	7.16	(5.79)	(1.19)
Cotton County Retail Limited	(63.74)	(131.14)	(97.94)
Nahar Industrial Infrastructure Corporation Limited	Negligible	0.00	Negligible
Nahar Growth Fund Private Limited	(6.39)	1.55	1.98

There can be no assurance that these entities, or any other ventures promoted by our Promoters, will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses.

37. Our contingent liabilities that have not been provided for could affect our financial condition.

Our total contingent liabilities that have not been provided for and as disclosed in our restated financial information, as per Indian GAAP as of June 30, 2014, were ₹ 184.25 million. In the event that any of these amounts that we have not provided for become due, our financial condition and results of operations may be adversely affected. Our contingent liabilities not provided for as of June 30, 2014, included the following:

(₹ in million)

Sl. No.		Amount
1.	Claims against the Company not acknowledged as debts[1]	0.50
2.	Letter of credit against imports[2]	59.90
3.	Particulars of unhedged foreign currency exposure	
	Trade receivables	6.56
	Short term loans and advances	17.40
	Other current liabilities	99.89
	Total	**184.25**

[1] *The Company has contested the additional demand in respect of Central Sales Tax, VAT etc., amounting to ₹ 0.50 million as at June 30, 2014. As against this a sum of ₹ 0.23 million as at June 30, 2014 has been deposited under protest and stands included under the head "Short-term loans and advances". The Company has filed an appeal with the Taxation Tribunal and is advised that the demand is not in accordance with law. No provision, therefore, has been made in accounts in respect thereof.*
[2] *This includes amount standing against purchase of traded goods amounting to ₹59.90 million against capital goods amounting to nil as at June 30, 2014.*

For further details, see the notes to our restated financial information under "***Financial Information***" on page 166.

38. Certain unsecured loans availed by our Group Companies may be recalled by lenders at any time.

The unsecured loans taken by our Group Companies may be recalled by the respective lenders at any time. Any failure to service such indebtedness, comply with a requirement to obtain lender consent, or otherwise perform any obligations under such financing agreements may lead to a termination of one or more of our credit facilities or incur penalties and acceleration of payments under such credit facilities, which may adversely affect our Group Companies'. However, as on the date of this Red Herring Prospectus, our Company has not availed of any unsecured loans.

39. The proceeds from this Offer will not be available to us.

As this Offer is an offer for sale of Equity Shares by the Selling Shareholders, the proceeds from this Offer will be remitted to the Selling Shareholders and our Company will not benefit from such proceeds.

External Risk Factors

40. Our operations currently benefit from the Technology Upgradation Fund Scheme ("TUFS"). In the event we are unable to continue to benefit from TUFS, our financial condition and results of operations may be adversely affected.

The Ministry of Textiles, GoI, launched the TUFS for the textile, jute and cotton ginning and pressing industries for a five year period from April 1, 1999 to March 31, 2004, which was later extended for the duration of the twelfth five year plan (financial year 2012 to 2017). TUFS aims at providing capital for modernisation of Indian textile industry, by leveraging investments in technology upgradation in the textiles and jute industry. The TUFS provides for interest reimbursement of 5% on the interest charged by a lending agency for financing of a project of technology upgradation in conformity with the TUFS. However for spinning machinery the coverage provided is 4% for new stand alone/replacement/modernisation of spinning machinery; and 5% for spinning units with matching capacity in weaving/ knitting/processing/garmenting. TUFS also provides for 6% interest reimbursement and 15% capital subsidy for specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles. As at June 30, 2014, the subsidy recoverable under TUFS, amounted to ₹ 55.98 million.

Our profitability may be affected in the future if any of the above mentioned benefits are reduced or withdrawn or if we are subject to any disagreements from nodal agencies appointed under TUFS, with respect to our eligibility under TUFS. There is no assurance that the TUFS will be extended beyond the current period of availability or whether we will continue to enjoy such benefits in the future. In the event we are unable to continue to benefit from TUFS, our results of operations may be adversely affected. For further information relating to the TUFS, see "***Regulations and Policies in India***" and for information relating to the loans availed under the TUFS, see "***Financial Indebtedness***" on pages 122 and 204, respectively.

41. Our market share and business position may be adversely affected by economic, political and market factors, some of which are beyond our control.

Many factors affect the level of consumer spending in the overall apparel industry, including recession, inflation, deflation, political uncertainty, availability of consumer credit, taxation, stock market performance, unemployment and other matters that influence consumer confidence. Our performance may decline during recessionary periods or in other periods where one or more macro-economic factors, or potential macro-economic factors, negatively affect the level of consumer spending. Slow economic growth in India, the global credit crisis, declining consumer and business confidence and other challenges currently affecting the general economy, could lead to lower consumer spending on apparel generally.

42. We are exposed to currency exchange risks. Any adverse fluctuation in currency exchange rates may adversely affect our financial condition and results of operations.

While most of our revenues are denominated in Indian Rupees, certain portion of our revenues and expenses are denominated in currencies other than Indian Rupees, primarily U.S. Dollars. For instance, we import woollen yarn, capital goods and home furnishings, and payments for which are all made in foreign currencies, including U.S. Dollars, Euro and Yen. Additionally, for the three months ended June 30, 2014, in fiscal 2014, 2013 and 2012, our gross exports were approximately 0.00%, 0.27%, 0.57% and 0.27% of our revenue from operations (gross). For details see "***Financial Statements – Annexure 24 - Statement of Revenue from Operations, as Restated***" on page 196. Furthermore, from time to time we import equipment from foreign countries and we may in the future incur indebtedness denominated in foreign currencies to finance the expansion of our business.

The exchange rate between the Indian Rupee and the U.S. Dollar has fluctuated substantially in recent years and may continue to fluctuate significantly in the future. Depreciation of the Indian Rupee against foreign currencies may adversely affect our results of operations. Currently, the Company does not use foreign currency forward contracts or other derivative instruments to hedge its risks associated with foreign currency fluctuations. There can be no assurance that any such forward contracts or similar hedging mechanisms that we may enter into in the future will be effective or adequate to cover any losses arising from foreign currency fluctuations.

43. There could be political, economic or other factors that are beyond our control but may have a material adverse impact on our business and results of operations should they materialize.

The following external risks may have a material adverse impact on our business and results of operations should any of them materialize:

- Political instability, a change in the Government or a change in the economic and deregulation policies or a change in taxation policies and regulations could adversely affect economic conditions in India in general and our business in particular;
- A slowdown in economic growth in India could adversely affect our business and results of operations. The growth of our business and our performance is linked to the performance of the overall Indian economy. We are also impacted by consumer spending levels and businesses such as ours would be particularly affected should Indian consumers in our target segment have reduced access to disposable income. For instance, in fiscal 2013, we experienced a decrease in the consumption of woollen yarn, woven fabric and knitted cloth which was caused by stagnation in the demand of apparel products due to slowdown in the Indian economy resulting in our cost of materials consumed to decrease by 8.23%;
- Civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war involving India or other countries could materially and adversely affect the financial markets which could impact our business. Such incidents could impact economic growth or create a perception that investment in Indian companies involves a higher degree in risk which could reduce the value of the Equity Shares;
- Natural disasters in India may disrupt or adversely affect the Indian economy, the health of which our business depends on;
- Any downgrading of India's sovereign rating by international credit rating agencies may negatively impact our business and access to capital. In such event, our ability to grow our business and operate profitably would be severely constrained;
- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and could have an adverse effect on our business, profitability and results of operations; and
- The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India could increase our employee costs, decrease the disposable income available to our consumers and decrease our operating margins, which could have an adverse effect on our profitability and results of operations.

44. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, financial condition, results of operations and prospects.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, financial condition, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

- The Companies Act, 2013, together with the rules thereunder (the "**Companies Act**"), contains significant changes to Indian company law, including in relation to the issue of capital by companies, related party transactions, corporate governance, audit matters, shareholder class actions and restrictions on the number of layers of subsidiaries. Moreover, effective April 1, 2014, companies exceeding certain net worth, revenue or profit thresholds are required to spend at least 2% of average net profits from the immediately preceding three financial years on corporate social responsibility projects, which may deplete our average net profits by 2% going forward and failing which an explanation is required to be provided in such companies' annual reports. Additionally, pursuant to the notification of Schedule II of the Companies Act, 2013, effective from April 1, 2014, we have reassessed and changed, wherever necessary, the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for three months ended June 30, 2014 has been provided on written down value method as per the rates prescribed under Schedule II of the Companies Act, 2013. We may incur increased cost due to such change in accounting estimates pursuant to the Companies Act going forward. For further details, see "***Financial Statements***" on page 166. Further, we may also incur other burdens relating to compliance with these new requirements going forward, which may also require significant management time and other resources and impact our results of operations, and any failure to comply with such requirements may adversely affect our business and results of operations.

- The Government of India proposes to revamp the implementation of direct taxes by way of the introduction of the Direct Taxes Code, 2013 ("**DTC**"). The DTC proposes to consolidate and amend laws relating to income tax and wealth tax. The DTC, has, among things, specified the manner of aggregation and computation of income, minimum alternate tax, wealth tax, dividend distribution tax, provided for certain tax incentives and has specified penalties in the event of contravention of the provisions of the DTC. The DTC has specified that dividend distribution tax is payable at the rate of an effective rate of 16.99% by a domestic company, including applicable cess and surcharge. Further, the DTC has specific rates for taxation, including for non-residents. For instance, withholding tax at the rate of 25%, plus effective cess and surcharge, will be applicable for interest (other than specified interest) on any dividends not subject to distribution tax. If the DTC is passed in its present form by both houses of the Indian Parliament and approved by the President of India and then notified in the Gazette of India, the tax impact discussed in this Red Herring Prospectus will be altered by the DTC.

- The Government of India has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. While the Government of India and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

- There are recent press reports suggesting that the Government of India may reintroduce excise duty on branded apparel on a mandatory basis, in the upcoming union budget for fiscal 2015. The levy of excise duty had been made optional subject to certain terms and conditions in the union budget for fiscal 2014, by the Government of India. If the excise duty is made mandatory on branded apparel, it may have a negative impact on our results of operations.

We have not determined the impact of these recent and proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

45. Our transition to the use of the IFRS-converged Indian Accounting Standards may adversely affect our financial condition and results of operations.

India has decided to adopt the "Convergence of its existing standards with IFRS" and not the "International Financial Reporting Standards" ("**IFRS**"). These "IFRS based / synchronized Accounting Standards" are referred to in India as IND (AS). Public companies in India, including our Company, may be required to prepare annual and interim financial statements under IND (AS) in accordance with the roadmap for the convergence with IFRS announced by the Ministry of Corporate Affairs, Government of India (the "**MCA**"), through the press note dated January 22, 2010. The MCA, through a press release dated February 25, 2011, announced that it will implement the converged accounting standards in a phased manner after various issues, including tax related issues, are resolved. Further, the Finance Minister, during the Union Budget speech, 2014, proposed the adoption of IND (AS) by Indian companies from fiscal 2016 on a voluntary basis, and from fiscal 2017 on a mandatory basis. Accordingly, it is not possible to quantify whether our financial results will vary significantly due to the convergence to IND (AS), given that the accounting principles laid down in the IND (AS) are to be applied to transactions and balances carried in books of accounts as on the date of the applicability of IND (AS) and for future periods.

Further, we have made no attempt to quantify or identify the impact of the differences between Indian GAAP and IND (AS) as applied to our financial statements. There can be no assurance that the adoption of IND (AS) will not affect our reported results of operations or financial condition. Any failure to successfully adopt IND (AS) may have an adverse effect on the trading price of our Equity Shares.

Moreover, our transition to IFRS reporting Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. Any of these factors relating to the use of IFRS-converged Indian Accounting Standards may adversely affect our financial condition and results of operations.

46. The requirements of being a listed company may strain our resources.

We are not a listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the Equity Listing Agreements with the Stock Exchanges which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies.

Further, as a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required.

As a result, our management's attention may be diverted from other business concerns, which may adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

47. If more stringent labour laws or other industry standards in India become applicable to us, our profitability may be adversely affected.

We are subject to a number of stringent labour laws. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. If labour laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, results of operations, financial condition and cash flows.

48. Our ability to allot Equity Shares in the Offer is dependent upon receipt of Bids equivalent to at least 25% of the Offer from Mutual Funds and/or Insurance Companies.

Based on an undertaking provided to SEBI by our Company and the Selling Shareholders, our Company and the Selling Shareholders shall proceed with Allotment of Equity Shares in the Offer only if Bids equivalent to at least 25% of the Offer (including Bids received under the Anchor Investor Portion) are obtained from Mutual Funds and/or Insurance Companies, registered with the Insurance Regulatory Development Authority. In the event, such sufficient number of Bids is not received from Mutual Funds and Insurance Companies, our Offer may fail even though we may otherwise receive full subscription in the Offer and consequently, we may not be able to Allot the Equity Shares.

49. An active trading market for the Equity Shares may not develop and the price of the Equity Shares may be volatile.

Prior to the Offer, there has been no public market for the Equity Shares. An active public trading market for the Equity Shares may not develop or, if it develops, may not be maintained after the Offer. Our Company and the Selling Shareholders, in consultation with the BRLMs, will determine the Offer Price. The Offer Price may be higher than the trading price of the Equity Shares following the Offer. As a result, investors may not be able to sell their Equity Shares at or above the Offer Price or at the time that they would like to sell. The trading price of the Equity Shares after the Offer may be subject to significant fluctuations and be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors and industries in which we compete;

- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities similar to ours, economic conditions in India;
- the volatility of the BSE, NSE and securities markets elsewhere in the world;
- the performance of our competitors and the perception in the market about investments in the fast moving consumer goods industry;
- adverse media reports on us or the Indian fast moving consumer goods industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalization, taxation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There can be no assurances that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequently. In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

50. There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares offered in this Offer have been Allotted. Approval will require all other 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 Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

Further, pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Trading in the Equity Shares is expected to commence within 12 Working Days from the Bid/Offer Closing Date.

However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose off your Equity Shares**.**

51. 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 Offer, we will be subject to a daily “circuit breaker” imposed by all stock exchanges in India, 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 stock exchanges will 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.

52. Future issuances or sales of the Equity Shares by any existing shareholders could significantly affect the trading price of the Equity Shares.

The Equity Shares offered in the Offer will be freely tradable without restriction in the public market and the issue price at which our Company allotted Equity Shares in the past are not indicative of future trading price of the Equity Shares. For instance on June 5, 2012, our Company allotted 2,873,564 Equity Shares to KIL at an issue price of ₹ 435 per Equity Share, however there can be no assurance that future issuances or sales of Equity Shares will be at a comparable price. The existing shareholders, including KIL, will be entitled to dispose of their Equity Shares following the expiration of a one year “lock-in” period, other than the minimum promoters' contribution of 20% of the Equity Shares of our Promoters that will be locked in for three years. Any future equity issuances by us, including pursuant to any employee stock option plan, or sales of the Equity Shares by our Promoters may adversely affect the trading price of the Equity Shares. In addition, any perception by potential investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

Furthermore, the market price of the Equity Shares could decline if some of our existing shareholders sell a substantial number of Equity Shares subsequent to listing or the perception that such sales or distributions could occur. This, in turn, could make it difficult for you to sell Equity Shares in the future at a time and at a price that you deem appropriate.

53. Economic developments and volatility in securities markets in other countries may cause the price of the Equity Shares to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investor's reactions to developments in one country may have adverse effects on the market price of securities of companies situated in other countries, including India. For instance, the recent financial crisis in the United States and European countries lead to a global financial and economic crisis that adversely affected the market prices in the securities markets around the world, including Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

54. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the takeover regulations in India, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

55. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

Prominent Notes

- Initial public offering of 5,433,016 Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Equity Share, through an offer for sale by the Selling Shareholders, aggregating up to ₹ [●] million. The Offer shall constitute 25% of the post Offer paid-up Equity Share capital of our Company. Discount of ₹ [●] to the Offer Price may be offered to Retail Individual Investors.

- "Investors may contact any of the BRLMs, who have submitted a due-diligence certificate to SEBI, for any complaint pertaining to the Offer." All grievances relating to the non-ASBA process must be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof. All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

- The net worth of our Company as at June 30, 2014 and March 31, 2014, as per our restated financial statements included in this Red Herring Prospectus was ₹ 3,882.23 million and ₹ 3,799.72 million, respectively. For more information, see "***Financial Statements***" on page 166.

- The net asset value/book value per Equity Share as at June 30, 2014 and March 31, 2014, as per our restated financial statements included in this Red Herring Prospectus was ₹ 178.64 and ₹ 174.84, respectively.

- The average cost of acquisition per Equity Share by our Promoters is:

Name of Promoter	**Number of Equity Shares held**	**Average cost of acquisition (In ₹)***
Mr. Jawahar Lal Oswal	820,253	48.76
Mr. Kamal Oswal	196,401	50.91
Mr. Dinesh Oswal	553,975	54.15
Ms. Monica Oswal	1,050	-
Ms. Ruchika Oswal	1,050	-
Sidhant and Mannat Company Limited	4,404,000	1.99
Simran and Shanaya Company Limited	4,404,000	0.98
Total	**10,380,729**	

**As certified by our Auditors by their certificate dated November 21, 2014*

- There has been no financing arrangement whereby the Promoter Group, our Directors, or any of their respective relatives have financed the purchase by any other person of securities of our Company other than in the ordinary course of the business of the financing entity during the six months preceding the date of the Draft Red Herring Prospectus.

- The cumulative value of the transactions by our Company with our Group Companies as at June 30, 2014 and March 31, 2014, as per our restated financial statements included in this Red Herring Prospectus was ₹ 417.17 million and ₹ 1,632.06 million, respectively. For details, see "***Financial Statements– Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198.

None of our Group Companies have any business or other interest in our Company, except as stated in "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198 and "***Our Promoter and Group Companies***" on page 143, and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.

SECTION III - INTRODUCTION

SUMMARY OF INDUSTRY

*The information in this section is derived from various publicly available sources, government publications and other industry sources, including the 'Report on Textile & Apparel Industry and Branded Apparel Segment' dated July 2, 2014 and the 'Supplemental Report on Textile & Apparel Industry and Branded Apparel Segment' dated September 23, 2014 (together, the "**Technopak Report, 2014**") that has been prepared by Technopak. The Technopak Report, 2014 is not a standard publication and has been prepared pursuant to an engagement letter dated April 9, 2014, issued by our Company. The information in this section has not been independently verified by us, the Book Running Lead Managers, or their respective legal, financial or other advisors, and no representation is made as to the accuracy of this information. 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 and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on this information.*

Overview of the Indian Economy

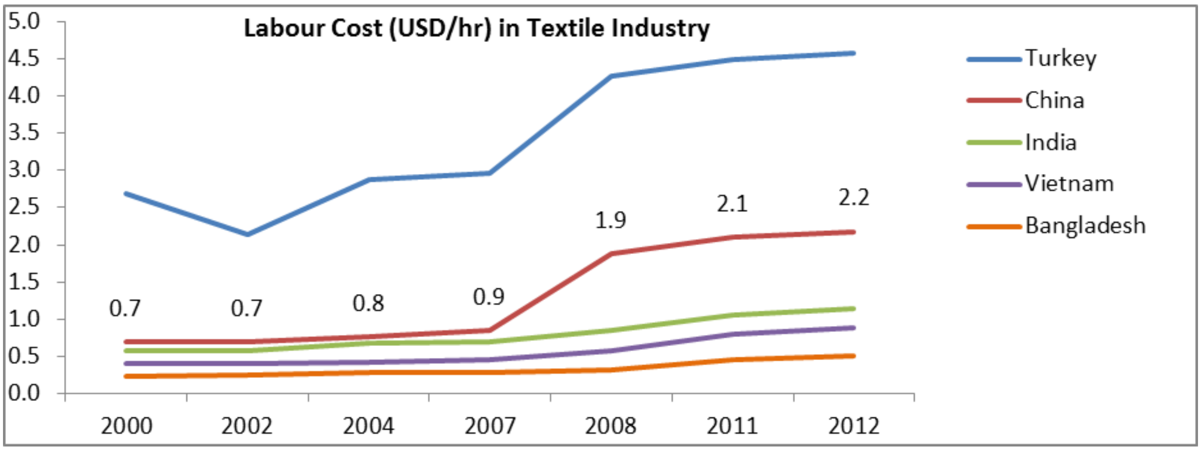
The Indian economy is ranked fourth in the world, on a purchasing power parity basis, after the United States, the European Union and China (*Source: https://www.cia.gov/library/publications/the-world-factbook/geos/in.html*). For the fiscal year 2015, the forecast for real GDP growth rate in India is estimated at 5.1% to 5.5% by the National Council of Applied Economic Research ("**NCAER**") in their 'Quarterly Review of the Economy' on April 30, 2014. (*Source: NCAER's Quarterly Review of the Indian Economy 2013-14 and Forecast for 2014-15*).

According to the *Technopak Report, 2014*, for almost two decades textile and apparel industry has been a major contributor to India's GDP and provides employment to over 45 million people (*Source: CII*). India's GDP in the year 2013 was estimated to be US$ 1.823 trillion and 5.2% of this came from the textile and apparel industry. The industry has also been crucial as far as industrial production and earning of foreign exchange through exports is concerned. Availability of abundant raw material such as cotton, silk, wool and jute and India's competitiveness in skilled labour have provided unique advantages to its textile and apparel industry. Textile and apparel domestic market has been bigger than export market and had reached US$ 59 billion in the fiscal year 2013 while export market is of US$ 36 billion. The apparel retail sector in India is highly fragmented and only 19% of sales in India is estimated to be from the organised sector. These numbers are in contrast with that of the United States and Europe where over 80% of the apparel sales are from organized fashion retailers.

Textile and Apparel Industry

Post the expiration of the Multi Fibre Agreement on January 1, 2005, the textile and apparel industry has witnessed a clear distinction between countries as production and consumption hubs. Developed countries like the USA, countries of the European Union and Japan have emerged as consuming countries while developing countries like India, China and Bangladesh are producing countries. Cheap labour is one of the most important factors driving the developing countries to gain production advantage. According to the *Technopak Report, 2014*, the expected slower annual GDP growth (CAGR 2013 to 2018 is 2.4%) in the advanced economies is directly impacting the consumption of textile and apparel, hence reducing its demand. On the other hand, the expected higher annual GDP growth (CAGR 2013 to 2018 is 5.4%) of the developing countries has led to an increase in purchasing power of consumers, favouring the growth in textile and apparel consumption in these countries.

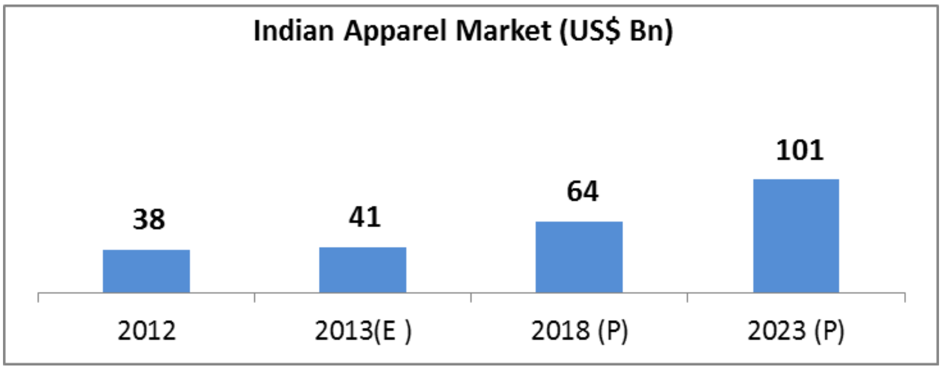
India is one of the largest exporters of textiles and apparel. India also has vertically integrated supply chain and is known for producing wide range of textiles and apparel products. In India's exports of textiles and apparel, 60% contribution comes from apparel, and 40% from textiles. (*Source: Technopak Report, 2014*)



(*Source: Werner International. Technopak Report, 2014*)

According to the *Technopak Report, 2014*, given the fragmented nature of apparel industry and presence of numerous unorganised players, production numbers as well as installed capacity for apparel industry in India is not available. Based on the information on domestic market size, imports and exports numbers for apparel, it is estimated that the total apparel production in India for the year 2013 will be in the range of 17 billion to 20 billion pieces.

According to the *Technopak Report, 2014*, India has been one of the key players in the textile and apparel industry. In 2013, the estimated textile and apparel industry of India was worth US$ 95 billion. This figure includes both exports as well as domestic consumption. India's textile and apparel industry together is expected to grow at a CAGR of 9% to reach a market size of US$ 226 billion by the end of 2023. India's apparel industry is also estimated to grow at a CAGR of 9% to reach a market size of US$ 101 billion by the end of 2023. (*Source: Technopak Report, 2014*)



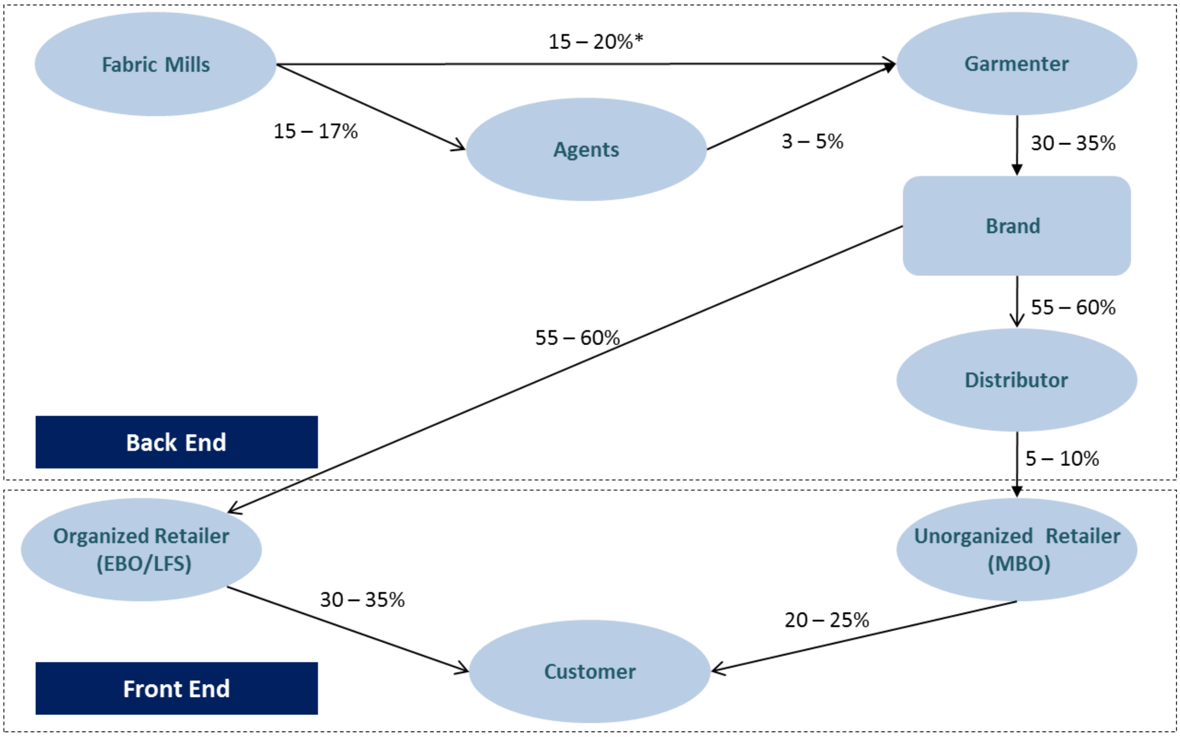
(*Source: Technopak Report, 2014*)

The size of Indian textile and apparel industry, including both domestic market and exports, was US$ 70 billion in the year 2009 and has grown at a CAGR of 8% in between 2009 to 2013. The export market is expected to grow from US$ 36 billion in the year 2013 to US$ 85 billion by the end of 2023. It is expected that the domestic market would also grow owing to increase in spending from middle class. Domestic textile (including home textiles and technical textiles) and apparel market would grow at CAGR of 9% from US$ 59 billion in 2013 to US$ 141 billion by 2023. (*Source: Technopak Report, 2014*)

Though organized retail contributed only 17% of the total apparel market in 2010, and is estimated to contribute 25% of the total apparel market by the year 2015, its share is poised to grow sharply over the coming years and contribute to approximately 40% share of the total apparel market by 2020. The increased presence of multiple retail formats across speciality retail formats, hypermarkets and cash and carry is expected to drive this growth. (*Source: Technopak Report, 2014*)

Indian apparel market being highly unorganised has independent retail stores as the major retailers. There are many region specific players, leading to a value chain that is filled with intermediaries like distributors, wholesellers, logistic players and agents who follow sequential and isolated plans for inventory. This becomes both expensive and time consuming. But it has been observed that organised retailing in India has been growing at a fast pace. Increasing number of international brands are establishing their presence in India. These brands have organized systems of working, extremely fast supply chain and product turnaround time. Hence, to be competitive, there is a need for the Indian brands and retailers to follow a value chain that is fast, organised and transparent with the ability to deliver right goods at the right time and place, in right quantity at the right operating cost. (*Source: Technopak Report, 2014*)

Typical Apparel Retail Supply Chain



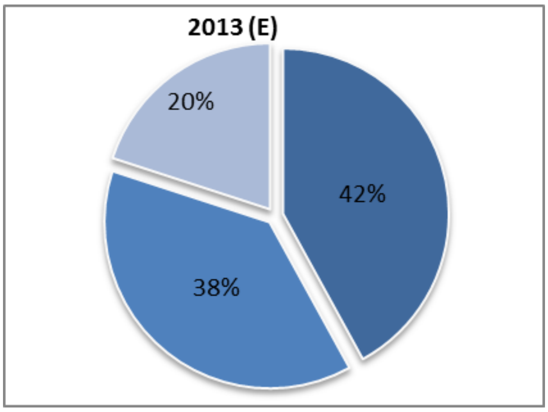
** - Represents Contribution Margin for the fabric manufacturer; Rest of the margins are the gross margin at each level*

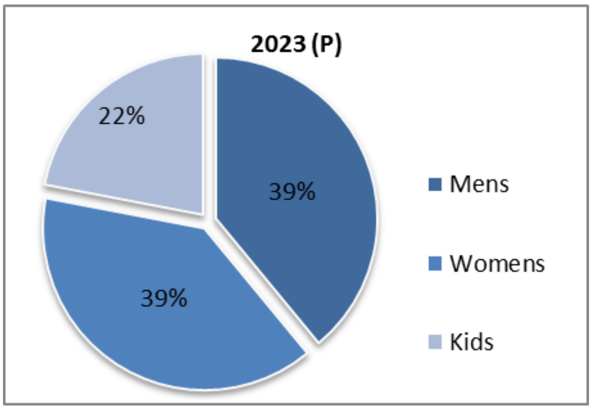
(*Source: Technopak Report, 2014*)

The need for today is an integrated supply chain with an established coordination with all its intermediaries, which can help the retailer by providing convenience in ordering and receiving of merchandise and conversion and reducing its inventory carrying cost by supplying merchandise just in time when needed. As the industry is highly fragmented it offers opportunities for merger, acquisitions and inorganic growth going forward. This has caused the apparel manufacturers to focus on providing end-to-end solutions besides just manufacturing for the brands/ retailers. Hence manufacturers are moving towards integrated set-ups by entering into strategic partnership (like mergers, acquisition and joint ventures) with yarn manufacturers, textile manufacturers and logistic providers, with an aim to provide responsive and efficient supply chain. (*Source: Technopak Report, 2014*)

The overall apparel market of India has been classified into three groups by the *Technopak Report, 2014*: men's-wear, women's-wear and kids apparel. Men's-wear segment contributes the highest to the apparel market with a share of 42%, followed by women's-wear at 38% and kids at 20%. It is expected that the CAGR of men's-wear will be around 9% while women's-wear will grow at a rate of 10% for the next 10 years. The kids apparel market is expected to demonstrate the highest growth with a CAGR of 10.50%. (*Source: Technopak Report, 2014*)

Market Share of Apparel Segments





(*Source: Technopak Report, 2014*)

Woollen Apparel Industry in India

The current size of India's winter wear market is approximately US$ 2,341 million and is growing at CAGR of 9%. Between men, women and kids segment, men contribute as high as 51% of the entire segment. Most segments in winter wear, such as shawls, men's suits, jackets, blazers and sweaters are registering a double digit growth. Hence, winter wear is seen as a lucrative business proposition, despite facing various issues like infrastructure and labor costs to name a few. Aspects such as investment in new technologies and keeping updated with international trends have further helped in boosting the industry. (*Source: Technopak Report, 2014*)

In India, the winter wear market is clearly segmented between branded and unbranded players. The ratio is 70:30 with 70 per cent players being from the unbranded sector. The established domestic brands are trying to capture market share by innovating and introducing new lines every season. Innovative pricing and discount sales are helping them increase foot falls to their exclusive brand outlets. Most lifestyle apparel brands have exclusive range of winter wear for the specific months, but there are not many exclusive players in this segment. (*Source: Technopak Report, 2014*)

Wool and woolen industry comprises of organized and decentralized sectors. The organized sector consists of composite mills, combing units, worsted and non-worsted spinning units, knitwear and woven garments units and machine-made carpet manufacturing units. Whereas the decentralized sector consists of hosiery and knitting units, powerloom units, hand-made carpet, druggets and namadahs units and independent dyeing and process houses. The share of branded wool industry is about 12% of the total industry. (*Source: Technopak Report, 2014*)

Growth Projection of Woollen Apparel Industry of India

According to the *Technopak Report*, woollen apparel industry in India is expected to witness high growth trajectory in the short to medium term. Increasing discretionary income of Indian consumers, favourable demographics with a large chunk of aspirational young population and increasing exposure to fashion trends will contribute to the growth of branded woollen apparel segment in India. As per the latest data available, it is estimated that the per capita apparel consumption of apparel grade wool in India will grow at a CAGR of 5.6% from 2012 to 2017. This growth of consumption of woollen apparel in India will be much higher than of the developed markets of USA, EU 27 and Japan which have started witnessing a decrease in per capital consumption of apparel grade wool. Due to the increase in per capita consumption of apparel grade wool, the CAGR for volume and value growth of woollen apparel market in India for the period 2012 to 2017 is expected to be 7% and 12% respectively.

SUMMARY OF BUSINESS

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Red Herring Prospectus, including the information contained in "**Risk Factors**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Statements**" on page 11, 208 and 166, respectively. The financial figures used in this section, unless otherwise stated, have been derived from our Company's restated audited financial statements. Further, all references to 'Monte Carlo Fashions Limited', 'the Company', 'our Company' and 'the Issuer' and the terms 'we', 'us' and 'our', are to Monte Carlo Fashions Limited and includes as of and for the periods prior to April 1, 2011, to knitted and woven apparel business under the* '*Monte Carlo*' *brand, while it was a part of Oswal Woollen Mills Limited, one of our Group Companies.*

OVERVIEW

Launched in 1984 as an exclusive woollen brand by OWML, one of our Group Companies, we are one of the leading Indian apparel brands based on revenue *(Source: Technopak Report, 2014).* '*Monte Carlo*' has been recognized as a 'Superbrand' for woollen knitted apparel in each edition of Consumer Superbrands India since its first edition in September 2004. We primarily cater to the premium and mid-premium branded apparel segment for men, women and kids, offering a comprehensive line of woollen, cotton and cotton-blended knitted and woven apparel and home furnishings through our '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including a network of national chain stores under the '*Monte Carlo*' brand.

According to the *Technopak Report, 2014*, the Indian branded apparel industry was estimated to be approximately US$ 13,131 million in 2015 and is projected to grow to US$ 34,182 million by fiscal 2020 driven by the increase in per capita income and the increased penetration of organized retail across India. For details of the production, installed capacity, past trends and future prospects regarding exports in the apparel industry, see "***Industry Overview***" on page 91. Additionally, according to the *Technopak Report, 2014*, the current size of India's winter wear market is approximately US$ 2,341 million and is growing at CAGR of 9%. We seek to capitalize on the growth opportunities in the branded apparel industry based on our well positioned brand '*Monte Carlo*'. Our heritage of combining quality and style under the '*Monte Carlo*' brand distinctly positions us to address the needs of consumers for premium and mid-premium winter-wear in the northern and eastern regions of India as well as a growing class of consumers who desire everyday formal and casual wear that is consistent with their urban lifestyles across India. We also continue to broaden our product range including premium and economy cotton knitted and woven apparel products to appeal to a diversified customer base across India.

We distribute our portfolio of products through '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including a network of national chain stores that we believe merchandise our products in an environment that reinforces and establishes our brand in the premium and mid-premium segment and that provides a superior and distinctive in-store experience. We believe that this strategy has enabled us to develop a strong brand loyalty of our '*Monte Carlo*' brand. As on June 30, 2014 there were 196 '*Monte Carlo Exclusive Brand Outlets*' in India, two '*Monte Carlo Exclusive Brand Outlets*' in Dubai and one '*Monte Carlo Exclusive Brand Outlets*' in Kathmandu, Nepal. Out of the 196 '*Monte Carlo Exclusive Brand Outlets*' in India, 18 are owned and operated by our Company and the rest are operated by different franchisees. Most of our '*Monte Carlo Exclusive Brand Outlets*' are located in high street locations, lifestyle centers and malls that position us as a premium and mid-premium segment brand in the branded apparel industry. We utilize the services of our exclusive commissioned agents who facilitate compilation of orders from various MBOs and collection of payment, and also act as the interface between the Company and the MBOs. As on June 30, 2014, we had supplied our products to over 1,300 MBOs through our commissioned agents. We have also entered into distribution agreements with some of the leading Indian digital commerce platforms.

We operate two manufacturing facilities in Ludhiana, Punjab, one for our woollen apparel products and one for our cotton apparel products. The manufacturing facilities include facilities for product development, a design studio and sampling infrastructure. Almost all our woollen knitted products are manufactured in-house at our manufacturing facility. We have also recently commenced in-house manufacturing of some of our cotton t-shirts and thermals in April 2014. For the remaining cotton and cotton-blended products, we follow an asset-light model by outsourcing the production to a network of third-party manufacturers, also known as job work entities.

The '*Monte Carlo*' brand was launched by OWML, which was engaged in spinning of woollen, cotton and other blended yarns, weaving denim fabric and manufacture of apparel. With effect from April 1, 2011, the woollen and cotton apparel business of OWML under the brand '*Monte Carlo*' was demerged into our Company. For further details of the demerger and associated agreements between our Company and OWML, see "***History and Certain Corporate Matters***" on page 125. We are led by our Promoter, Mr. Jawahar Lal Oswal who has over 50 years experience in the textile and apparel industry. He has been awarded the 'Punjab Ratan' at the Punjab State Intellectual's Conference in 2003 by the All India Conference of Intellectuals, the 'Udyog Ratna Award' by the PHD Chamber of Commerce and Industry in 2005 and the 'LMA-Sat Paul Mittal Life Time Achievement Award' by the Ludhiana Management Association in 2012. Further, in June 2012, Samara Capital, a Mauritius based India focused private equity firm, through its affiliate, KIL, acquired a stake in our Company and currently holds 18.51% of the pre-Offer capital of our Company. For further details, see "***Capital Structure***" and "***History and Certain Corporate Matters***" on pages 59 and 125, respectively.

In the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, we generated total revenue of ₹ 792.32 million, ₹ 5,188.92 million, ₹ 4,164.59 million and ₹ 3,753.84 million, respectively, and net profit after tax of ₹ 85.18 million, ₹ 553.02 million, ₹ 489.04 million and ₹ 494.53 million, respectively. We have been able to increase our total revenue from fiscal 2012 to fiscal 2014 at a compound annual growth rate of 17.57% and our profit after tax has increased at a compound annual growth rate of 5.75% over the same period.

Competitive Strengths

- Established leading all-season Indian apparel brand
- Nationwide sales and distribution network
- Our association with OWML and other Group Companies provides us with stable and reliable sourcing of raw materials and manufacturing capabilities
- Strong back-end with in-house design and manufacturing, and long-term relationships with third-party manufacturers
- Diversified product range
- Experienced management team

For details on our Company's strengths, see "***Our Business – Competitive Strengths***" on page 106.

Our Strategies

- Continue to focus on the growth of our cotton and cotton-blended apparel to establish pan-India presence
- Strengthen our sales network by opening '*Monte Carlo Exclusive Brand Outlets*'
- Focus on expansion of kids wear under the 'Tweens' range
- Expand manufacturing capacity
- Continue to enhance our brand in the apparel industry
- Expansion through acquisition of a brand or business in the apparel industry

For details on our Company's strategies, see "***Our Business – Our Strategies***" on page 108.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial statements derived from our restated financial statements for and as of three months ended June 30, 2014, fiscal 2014, 2013, 2012, 2011 and 2010. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations and are presented in "***Financial Statements***" on page 166. The summary financial statements presented below should be read in conjunction with our restated financial statements, the notes and annexures thereto and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 208.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amounts in ₹ Millions)

Particulars	As at					
	30 June 2014	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**	**31 March 2010**
Equity and liabilities						
Shareholders' funds						
Share capital	217.32	217.32	217.32	188.59	0.50	0.50
Reserves and surplus	3,664.91	3,582.40	3,029.39	1,319.08	(1.40)	(1.39)
Sub-total	**3,882.43**	**3,799.72**	**3,246.71**	**1,507.67**	**(0.90)**	**(0.89)**
Non current liabilities						
Long-term borrowings	593.98	664.95	524.65	431.61	-	-
Deferred tax liabilities (net)	29.22	34.80	9.36	3.77	-	-
Other long - term liabilities	91.91	91.53	75.72	60.55	-	-
Sub-total	**715.11**	**791.28**	**609.73**	**495.93**	**-**	**-**
Current liabilities						
Short-term borrowings	540.78	229.74	145.57	185.17	-	-
Trade payables	846.56	788.90	408.34	370.54	-	-
Other current liabilities	697.00	616.86	413.48	173.93	0.99	0.92
Short-term provisions	21.45	22.91	42.85	24.70	-	-
Sub-total	**2,105.79**	**1,658.41**	**1,010.24**	**754.34**	**0.99**	**0.92**
Total	**6,703.13**	**6,249.41**	**4,866.68**	**2,757.94**	**0.09**	**0.03**
Assets						
Non-current assets						
Fixed assets						
Tangible assets	1,670.44	1,671.83	1,053.69	491.21	-	-
Intangible assets*	1.13	1.15	0.00	0.00	-	-
Capital work-in-progress	189.39	202.15	228.08	193.08	-	-
Non-current investments	-	140.00	15.00	-	-	-
Deferred tax assets (net)	-	-	-	-	0.01	0.01
Long-term loans and advances	113.36	118.34	131.81	167.07	-	-
Other non-cuurent assets	0.10	450.10	-	0.10	-	-
Sub-total	**1,974.42**	**2,583.57**	**1,428.58**	**851.46**	**0.01**	**0.01**
Current assets						
Current investments	500.00	360.00	385.00	-	-	-
Inventories	1,825.52	1,398.49	1,093.37	1,101.05	-	-
Trade receivables	849.87	886.54	740.68	724.76	-	-
Cash and bank balances	1,166.58	821.46	1,070.49	12.91	0.08	0.02
Short-term loans and advances	322.05	177.77	134.10	67.75	-	-
Other current assets	64.69	27.58	14.46	0.01	-	-
Sub-total	**4728.71**	**3,665.84**	**3,438.10**	**1,906.48**	**0.08**	**0.02**
Total	**6,703.13**	**6,249.41**	**4,866.68**	**2,757.94**	**0.09**	**0.03**

* Rounded off to Nil in ₹ Million.

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Amounts in ₹ Millions)

Particulars	For the year ended					
	For the 3 months ended June 2014	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**	**31 March 2010**
Revenue						
Revenue from operations (gross)					-	-
of products manufactured	132.86	2,115.40	1,984.02	1,850.82	-	-
of products traded	613.87	2,907.89	2,245.66	2,122.22	-	-
Other operating income	0.95	14.02	11.64	11.93	-	-
Sub-total	747.68	5,037.31	4,241.32	3,984.97	-	-
Less : Excise duty (Refer note 13 of annexure 5)	-	-	196.89	263.27	-	-
Revenue from operations (net)	747.68	5,037.31	4,044.43	3,721.70	-	-
Other income	44.64	151.61	120.16	32.14	-	-
Total	**792.32**	**5,188.92**	**4,164.59**	**3,753.84**	**-**	**-**
Expenses						
Cost of materials consumed	381.32	1,347.66	1,021.38	1,112.97	-	-
Purchases of stock in trade	235.19	1,450.72	1,086.90	1,149.62	-	-
Changes in inventories of finished goods, work-in-process and traded goods	(393.25)	(189.85)	(34.40)	(432.90)	-	-
Employee benefit expenses	97.37	270.36	189.11	137.39	-	-
Finance costs	31.04	93.19	36.85	65.35	0.00	0.01
Depreciation and amortisation	65.90	162.09	68.20	59.49	-	-
Other expenses	246.77	1,217.19	1,071.92	936.19	0.01	0.01
Total	**664.34**	**4,351.36**	**3,439.96**	**3,028.11**	**0.01**	**0.02**
Net profit/(loss) before tax and extraordinary items, as restated	**127.98**	**837.56**	**724.63**	**725.73**	**(0.01)**	**(0.02)**
Tax						
Current tax	47.01	259.10	230.00	255.65	-	-
Deferred tax	(4.21)	25.44	(5.59)	(24.45)	0.00	(0.01)
Net profit/(loss) before extraordinary items, as restated	**85.18**	**553.02**	**489.04**	**494.53**	**(0.01)**	**(0.01)**
Extraordinary items	**-**	**-**	**-**	**-**	**-**	**-**
Net profit/(loss) after extraordinary items, as restated	**85.18**	**553.02**	**489.04**	**494.53**	**(0.01)**	**(0.01)**

Note:
The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure 5.

STATEMENT OF CASH FLOWS, AS RESTATED

(Amounts in ₹ Millions)

Particulars	For the 3 months ended	For the year ended				
	30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net profit/(loss) before tax, as restated	127.98	837.56	724.63	725.73	(0.01)	(0.02)
Adjustments for:						
Depreciation and amortization	65.90	162.09	68.20	59.49	-	-
Loss on sale of fixed assets (net)	-	-	0.01	0.17	-	-
Profit on sale of assets (net)	(0.20)	(0.88)	-	-	-	-
Profit on sale of investments (net)	(2.64)	(7.06)	-	-	-	-
Provision for sales returns (net)	8.54	15.26	31.28	18.25	-	-
Provision for discount	11.22	7.55	4.01	5.04	-	-
Unclaimed balances written back	(0.20)	(0.19)	(0.28)	(1.74)	-	-
Excess provisions written back	(0.78)	(0.30)	(3.48)	(1.38)		
Interest income	(40.67)	(141.35)	(111.52)	(28.90)	-	-
Interest expense	30.46	89.43	34.55	61.97	-	-
Lease straight lining expenses	0.76	11.31	2.44	5.13	-	-
Assets written off	-	-	-	2.43	-	-
Amounts written off	0.09	0.52	0.76	2.94	-	-
Operating profit/(loss) before working capital changes	**200.46**	**973.94**	**750.60**	**849.13**	**(0.01)**	**(0.02)**
Adjustments for:					-	-
(Decrease)/Increase in other long term liabilities	(0.38)	4.50	12.73	55.42	-	-
Increase in trade payables	57.86	380.75	38.08	372.28	-	-
Increase/(decrease) in other current liabilities	79.77	142.60	48.91	(233.48)	0.07	0.01
(Decrease)/increase in short-term Provisions	(21.22)	(42.76)	(17.14)	1.41	-	-
Decrease/(increase) in long-term loans and advances	(1.60)	(7.37)	1.04	(2.00)	-	-
(Increase)/decrease in inventories	(427.03)	(305.12)	7.68	(442.29)	-	-
(Increase) in trade receivables	36.67	(145.86)	(15.92)	(291.93)	-	-
(Increase) in short-term loans and Advances	(150.38)	(73.08)	(32.21)	(25.94)	-	-
(Increase)/decrease in other non current Assets	450.00	(450.10)	0.10	(0.10)	-	-
Cash generated from/(used in) operating activities	**224.15**	**477.49**	**793.87**	**282.50**	**0.06**	**(0.01)**
Income taxes paid (including taxes deducted at source)	(45.70)	(240.39)	(289.32)	(290.90)	-	-
Net cash generated from/(used in) operating activities	**178.45**	**237.10**	**504.55**	**(8.40)**	**0.06**	**(0.01)**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of fixed assets	(56.15)	(755.91)	(665.71)	(372.89)	-	-
Purchase of non-current nvestments	-	(125.00)	(15.00)	-	-	-
Sale/(Purchase) of current investments (net)	2.64	32.06	(385.00)	-	-	-
Movement in capital advances	5.28	37.03	58.64	(114.54)	-	-
Movement in restricted fixed deposits	(350.00)	242.02	(1,051.82)	(0.20)	-	-
Interest received	3.56	128.24	97.06	28.90	-	-
Proceeds from sale of fixed assets	0.56	1.34	0.01	1.27	-	-
Net cash (used in) investing activities	**(394.11)**	**(440.22)**	**(1,961.82)**	**(457.46)**	**-**	**-**
C. CASH FLOW FROM FINANCING ACTIVITIES						
(Repayment of)/Proceeds from long-term borrowings (net)	(78.15)	207.09	284.73	349.39	-	-
(Repayment of)/Proceeds from short term borrowings (net)	311.05	84.16	(39.59)	107.49	-	-
Proceeds from issue of share capital	-	-	1,250.00	80.00	-	-
Interest paid	(22.13)	(95.14)	(32.11)	(58.39)	-	-
Net cash (used in)/generated from financing activities	**210.77**	**196.11**	**1,463.03**	**478.49**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(4.88)**	**(7.01)**	**5.76**	**12.63**	**0.06**	**(0.01)**
Opening cash and cash equivalents	**11.46**	**18.47**	**12.71**	**0.08**	**0.02**	**0.02**

Closing cash and cash equivalents*	**6.58**	**11.46**	**18.47**	**12.71**	**0.08**	**0.02**
*** Reconciliation of cash and cash equivalents**						
Cash in hand	3.90	2.66	1.27	4.23	-	-
Balance with scheduled banks :						
Current account	2.68	8.80	17.20	8.48	0.08	0.02
Deposits with maturity of less than three months	60.00	-	-	-		
Deposits with maturity more than three months but less than twelve months	1100.00	810.00	1,052.02	0.20	-	-
Deposits with more than twelve months maturity	0.10	450.10	-	0.10		-
	1166.68	**1,271.56**	**1,070.49**	**13.01**	**0.08**	**0.02**
Less : Fixed deposit not considered as cash equivalents	1160.10	1,260.10	1,052.02	0.30	-	-
Cash and cash equivalents in cash flow statement	**6.58**	**11.46**	**18.47**	**12.71**	**0.08**	**0.02**

Note:
The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure 5.

THE OFFER

Offer*#	5,433,016 Equity Shares
Of which	
A) QIB Category**	2,716,507 Equity Shares
Of which	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Category	Not less than 814,953 Equity Shares
C) Retail Category	Not less than 1,901,556 Equity Shares
Equity Shares outstanding prior to the Offer	21,732,064 Equity Shares
Equity Shares outstanding after the Offer	21,732,064 Equity Shares
Use of Offer Proceeds	See "***Objects of the Offer***" on page 69

* *The Selling Shareholders are offering 5,433,016 Equity Shares, comprising (i) 711,466 Equity Shares by Mr. Jawahar Lal Oswal; (ii) 445,352 Equity Shares by Mr. Dinesh Oswal; (iii) 87,289 Equity Shares by Mr. Kamal Oswal; (iv) 1,646,420 Equity Shares by Kanchi Investments Limited ("**KIL**"); (v) 910,570 Equity Shares by OWML; (vi) 1,177,168 Equity Shares by Abhilash Growth Fund Private Limited ("**AGFPL**"); and (vii) 454,751 Equity Shares by Vanaik Investors Limited ("**VIL**"), pursuant to their letters dated July 7, 2014 and resolutions passed by their respective boards of directors on November 3, 2014, June 26, 2014, June 19, 2014 and November 3,2014, respectively.*

** *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors. In case of under subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Category. For further details see "**Offer Procedure**" on page 270.*

\# *Please note that, based on an undertaking provided to SEBI by our Company and the Selling Shareholders, in addition to receipt of sufficient number of valid Bids from Retail Individual Investors, Non-Institutional Investors and Qualified Institutional Buyers and other conditions as stated in this Red Herring Prospectus, Allotment of Equity Shares pursuant to the Offer will be undertaken only upon receipt of Bids equivalent to at least 25% of the Offer (including Bids received under the Anchor Investor Portion) from Mutual Funds and/or Insurance Companies.*

Notes

1. The Offer shall constitute 25% of our post-Offer equity share capital.

2. The Equity Shares offered by Selling Shareholders in the Offer have been held by them for a period of at least one year as on the date of filing of the Draft Red Herring Prospectus.

3. Our Company will not receive any proceeds from the Offer.

4. The Retail Discount, if any, not exceeding 10% of the Offer Price, will be offered to Retail Individual Investors at the time of making a Bid. The Rupee amount of the Retail Discount will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in all editions of *Business Standard*, all editions of *Business Standard (Hindi)* and Ludhiana edition of *Punjabi Jagran* (which are widely circulated English, Hindi and Punjabi newspapers, Punjabi being the regional language of Punjab where our Registered and Corporate Office is located), at least five Working Days prior to the Bid/Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading on their website. Retail Individual Investors bidding at a price within the Price Band can make payment at the Bid Amount, at the time of making a Bid. Retail Individual Investors bidding at the Cut-Off Price have to ensure payment at the Cap Price at the time of making a Bid. Retail Individual Investors must ensure that the Bid Amount, does not exceed ₹ 200,000. Retail Individual Investors should note that while filling the "SCSB/Payment Details" block in the Bid cum Application Form, Retail Individual Investors must mention the Bid Amount.

5. Allocation to all categories, except the Anchor Investor Portion and the Retail Category, if any, shall be made on a proportionate basis. For details, see "***Offer Procedure***" on page 270.

6. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, on a proportionate basis, subject to applicable law.

For details, including in relation to grounds for rejection of Bids, refer to the "***Offer Procedure***" on page 270.
For details of the terms of the Offer, see "***Terms of the Offer***" on page 267.

GENERAL INFORMATION

Our Company was incorporated on July 1, 2008 in Ludhiana, Punjab, India under the Companies Act 1956 as a public limited company, under the name 'Monte Carlo Fashions Limited' with the RoC. Our Company received its certificate for commencement of business on July 28, 2008.

Our Company was incorporated as a subsidiary of OWML. Subsequently, pursuant to the scheme of arrangement and demerger with OWML as approved by the Punjab and Haryana High Court, through an order dated May 20, 2011, the business carried out by OWML, comprising the processes of manufacturing, buying, selling, and dealing in knitted and hosiery garments, woollen garments, cotton garments, franchisee network and other businesses were transferred from OWML to our Company, with effect from April 1, 2011 and our Company ceased to be a subsidiary of OWML. For detail of the scheme of arrangement and demerger, see "***History and Certain Corporate Matters***" on page 125.

Registered and Corporate Office of our Company

G.T. Road
Sherpur
Ludhiana 141 003
Punjab, India
Tel: (+91 161) 2542 501
Fax: (+91 161) 2542 509
E-mail: investors@montecarlocorporate.com
Website: www.montecarlocorporate.com

Set forth below are the details of the Registration Number and Corporate Identity Number of our Company.

Details	Registration/Identification number
Registration Number	032059
Corporate Identity Number	U51494PB2008PLC032059

Registrar of Companies

Our Company is registered at the office of:

Registrar of Companies, Punjab, Chandigarh and Himachal Pradesh

Corporate Bhawan, Plot No. 4 B
Sector 27 B, Madhya Marg
Chandigarh 160 019, India
Tel: (+91 172) 2639 415
Fax: (+91 172) 2639 416

Board of Directors

Set forth below are the details in respect of our Board of Directors as on the date of this Red Herring Prospectus.

Name, Designation, and DIN	Age (years)	Address
Mr. Jawahar Lal Oswal **Designation**: Chairman and Managing Director **DIN**: 00463866	71	514, College Road, Civil Lines, Ludhiana 141 001, Punjab, India
Ms. Monica Oswal **Designation**: Executive Director **DIN**: 00566052	42	A 65, New Friends Colony, New Delhi 110 065, India
Ms. Ruchika Oswal **Designation**: Executive Director	42	514/2, College Road, Civil Lines, Ludhiana 141 001, Punjab, India

Name, Designation, and DIN	Age (years)	Address
DIN: 00565979		
Mr. Sandeep Jain **Designation**: Executive Director **DIN**: 00565760	42	514/2, College Road, Civil Lines, Ludhiana 141 001, Punjab, India
Mr. Dinesh Gogna **Designation**: Non-executive, non-independent Director **DIN**: 00498670	61	H. No. 30 H, Bhai Randhir Singh Nagar, Ludhiana 141 001, Punjab, India
Mr. Paurush Roy **Designation**: Nominee Director of KIL **DIN**: 03038347	40	D-801, Ashok Towers, Dr B. R. Ambedkar Road, Parel, Mumbai 400 012, Maharashtra, India
Dr. Sailen Kumar Chaudhuri **Designation**: Independent Director **DIN**: 01021930	67	B-304, Kenwood Tower, Charmwood Village, Faridabad 121 009, Haryana, India
Dr. Yash Paul Sachdeva **Designation**: Independent Director **DIN**: 02012337	52	702 HJ, Bhai Randhir Singh Nagar, Ludhiana 141 012, Punjab, India
Dr. Vandana Bhandari **Designation**: Independent Director **DIN**: 06841653	51	203 and 204, Pragati House, 47 and 48, Nehru Place, New Delhi 110 017, India
Mr. Ajit Singh Chatha **Designation**: Independent Director **DIN**: 02289613	78	No. 540, Sector 8B, Chandigarh 160 001, India
Dr. Suresh Kumar Singla **Designation**: Independent Director **DIN**: 00403423	64	119-C, Kitchlu Nagar, Ludhiana 141 001, Punjab, India
Dr. Manisha Gupta **Designation**: Independent Director **DIN**: 06910242	35	270, Suncity, Amloh Road, Khanna, Ludhiana 141 401, Punjab, India

Mr. Gautam Gode, aged 46 years, DIN - 01709758, residing at 139, Madan Lal Block, Asian Games Village, Delhi 110 049, Delhi, India, has been appointed as an alternate director to Mr. Paurush Roy, our Nominee Director, in accordance with the KIL SHA.

For further details about our Board, see "***Our Management***" on page 129.

Company Secretary and Compliance Officer

Our Company has appointed Mr. Sahil Jain, the Company Secretary of our Company, as the Compliance Officer. His contact details are as follows:

Mr. Sahil Jain, Company Secretary
G.T. Road
Sherpur
Ludhiana 141 003

Punjab, India
Tel: (+91 161) 5066 628
Fax: (+91 161) 2542 509
E-mail: companysecretary@montecarlocorporate.com

Bidders may contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of Allotment Advice, or credit of Allotted Equity Shares in the respective beneficiary account or refund orders.

Chief Financial Officer

Mr. Rukmesh Mohan Sood is our Chief Financial Officer. His contact details are as follows:

Mr. Rukmesh Mohan Sood
G.T. Road
Sherpur
Ludhiana 141 003
Punjab, India
Tel: (+91 161) 5066 614
Fax: (+91 161) 2542 509
E-mail: cfo@montecarlocorporate.com

Selling Shareholders

For details of our individual Selling Shareholders, Mr. Jawahar Lal Oswal, Mr. Dinesh Oswal and Mr. Kamal Oswal see "***Our Promoters and Group Companies***" on page 143. The details of our corporate Selling Shareholders are set forth below:

Name	Details	Board of Directors
Kanchi Investments Limited	KIL, a company incorporated on May 3, 2012, under the laws of the Republic of Mauritius and having its registered office at IFS Court, Twenty Eight Cybercity, Ebene, Mauritius. KIL is a subsidiary of Samara Capital Partners Fund I Limited (the "**Fund**"), a company incorporated in Mauritius as a public company limited by shares, with limited life. The Fund holds 72.26% in KIL. The investors of the Fund subscribe to shares of the Fund. The Fund obtains capital commitments from institutional investors, including amongst others, pension and endowment funds, insurance companies, fund of funds and family trusts, known as limited partners. This capital commitement is drawn down and invested over a time as investments are identified.	The board of directors of KIL comprise: • Mr. Yashwant Kumar Beeharee; and • Ms. Bibi Mehjabeen Thorabally.
Oswal Woollen Mills Limited	OWML, a public company incorporated under Companies Act 1956 and having its registered office at G.T. Road, Sherpur, Ludhiana 141 003, Punjab, India.	The board of directors of OWML comprise: • Mr. Jawahar Lal Oswal; • Mr. Kamal Oswal; • Mr. Dinesh Oswal; • Mr. Dinesh Gogna; • Mr. Sandeep Jain; • Mr. Suresh Kumar Singla; • Ms. Harbhajan Kaur Bal; and Mr. Kanwar Sain Maini.
Abhilash Growth Fund Private Limited	AGFPL, a private company incorporated under Companies Act 1956 and having its registered office at 105, Ashoka Estate, 24 Barakhamba Road, New Delhi 110 001,	The board of directors of AGFPL comprise: • Mr. Jawahar Lal Oswal; • Mr. Kamal Oswal;

Name	Details	Board of Directors
	India.	• Mr. Dinesh Oswal; • Ms. Abhilash Oswal • Mr. Navdeep Sharma; and • Mr. Gagnish Kumar Bhalla.
Vanaik Investors Limited	VIL, a public company incorporated under Companies Act 1956 and having its registered office at 105, Ashoka Estate, 24 Barakhamba Road, New Delhi 110 001, India.	The board of directors of VIL comprise: • Mr. Jawahar Lal Oswal; • Mr. Dinesh Oswal; • Ms. Abhilash Oswal; • Mr. Komal Jain; • Mr. Navdeep Sharma; and • Mr. Shri Paul Jain.

Book Running Lead Managers

SBI Capital Markets Limited
202, Maker Tower E
Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: (+91 22) 2217 8300
Fax: (+91 22) 2218 8332
Email: montecarlo@sbicaps.com
Investor Grievance E-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Ms. Shikha Agarwal/Mr. Sambit Rath
SEBI Registration No.: INM000003531

Axis Capital Limited
1st Floor, Axis House
C-2 Wadia International Centre
Pandurang Budhkar Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: (+91 22) 4325 1199
Fax: (+91 22) 4325 3000
E-mail: montecarlo.ipo@axiscap.in
Investor Grievance Email: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Ms. Kanika Goyal
SEBI Registration No.: INM000012029

Edelweiss Financial Services Limited
14th floor, Edelweiss House
Off C.S.T. Road, Kalina
Mumbai 400 098
Maharashtra, India
Tel: +91 (22) 4086 3535
Fax: +91 (22) 4086 3610
E-mail: montecarlo.ipo@edelweissfin.com
Investor Grievance E-mail: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Anshul Bansal
SEBI Registration No.: INM0000010650

Religare Capital Markets Limited
901, 9th Floor, Tower -1
Indiabulls Finance Centre
Senapati Bapat Marg, Elphinstone Road

Mumbai 400 013
Maharashtra, India
Tel: (+91 22) 6766 3662
Fax: (+91 22) 6766 3575
E-mail: montecarlo.ipo@religare.com
Investor Grievance E-mail: grievance.ibd@religare.com
Website: www.religarecm.com
Contact Person: Mr. Abhijit Tripathi
SEBI Registration No. INM000011062

Syndicate Member(s)

SBICAP Securities Limited
Mafatlal Chambers, C Wing
2nd Floor, N.M. Joshi Marg,
Lower Parel, Mumbai 400 013
Maharashtra, India
Tel: (+91 22) 4227 3300
Fax: (+91 22) 4227 3390
E-mail: archana,dedhia@sbicapsec.com
Website: www.sbismart.com
Contact Person: Ms. Archana Dedhia
SEBI Registration No.: BSE: INB 011053031/ NSE: INB 231052938

Edelweiss Securities Limited
Edelweiss House, Off C.S.T. Road
Kalina, Mumbai 400 098
Tel: (+91 22) 6747 1342
Fax: (+91 22) 6747 1347
E-mail: montecarlo.ipo@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Prakash Boricha
SEBI Registration No.: BSE: INB011193332/ NSE: INB231193310/ MCX-SX: INB261193396

Religare Securities Limited
GYS Global, Sector 125
Noida, Uttar Pradesh, India
Tel: (+91 120) 3394 567, 3397 321
Fax: (+91 120) 3394 144
E-mail: rajeev.gupta@religare.com, amit.agarwal@religare.com, IPO@religare.com
Website: www.religareonline.com
Contact Person: Mr. Rajeev Gupta and Mr. Amit Agarwal
SEBI Registration No.: BSE: INB010653732/ NSE: INB 230653732

Indian Legal Counsel to the Company and the BRLMs in relation to the Offer

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Amarchand Towers
216, Okhla Industrial Estate, Phase-III
New Delhi 110 020, India
Tel.: (+91 11) 2692 0500
Fax: (+91 11) 2692 4900
E-mail: montecarlo.ipo@amarchand.com

Registrar to the Offer

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S Marg, Bhandup (West)
Mumbai 400 078
Maharashtra, India
Tel: (+91 22) 2596 7878
Fax: (+91 22) 2596 0329
E-mail: mcfl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar

SEBI Registration No.: INR000004058

Investors may contact the BRLMs for any complaint pertaining to the Offer. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Bankers to the Company

Allahabad Bank
165, Industrial Area 'A'
Cheema Chowk
Ludhiana 141 003
Punjab, India
Tel: (+91 161) 5028 096, 5028 065
Fax: (+91 161) 2227 117
Contact Person: Mr. Vinod Bhat
E-mail: albiifbldh@gmail.com
Website: www.allahabadbank.com

State Bank of Patiala
Commercial Branch, Aarti Building
G.T. Road, Miller Ganj
Ludhiana 141 003
Punjab, India
Tel: (+91 161) 2547 852-854
Fax: (+91 161) 2547 856, 2547 954
Contact Person: Mr. Man Mohan Gupta
E-mail: sbop50463@gmail.com
Website: www.sbp.co.in

State Bank of India
Industrial Finance Branch
Golden Tower, G.T. Road
Dholewal, Ludhiana 141 003
Punjab, India
Tel: (+91 161) 2530 315
Fax: (+91 161) 2539 003
Contact Person: Mr. Ranbir Singh Thakur
E-Mail: sbi.04046@sbi.co.in
Website: www.sbi.co.in

Indian Bank
1601, Kalsi Nagar, G.T. Road
Dholewal, Ludhiana 141 003
Punjab, India
Tel: (+91) 84276 88057
Fax: (+91 161) 2543 483
Contact Person: Mr. C. Bharati, Mr. V. V. Khurana
E-mail: kalsinagar@indianbank.co.in
Website: www.indianbank.in

Bankers to the Offer/Escrow Collection Banks

Axis Bank Limited
B XXXI – 429, Upper Ground Floor
Chandigarh Road, Ludhiana
Punjab, India
Tel: (+91 161) 5092 407
Fax: (+91 161) 5092 407
E-mail: chandigarhroad.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Nikhil Dhir
SEBI Registration No.: INBI00000017

ICICI Bank Limited
Capital Market Division
1st Floor, 122, Mistry Bhavan
Dinshaw Vachha Road
Backbay Reclamation, Churchgate
Mumbai 400 020, Maharashtra, India
Tel: (+91 22) 2285 9932
Fax: (+91 22) 2261 1138
E-mail: anil.gadoo@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Anil Gadoo
SEBI Registration No.: INBI00000004

IndusInd Bank Limited
IndusInd Bank, PNAHouse
4th Floor, Plot No. 57 and 57/1
Road no, 17, near SRL, MIDC, Andheri (East)
Mumbai 400 093, Maharashtra, India

Tel: (+91 22) 6106 9248
Fax: (+91 22) 6623 8021
E-mail: suresh.esaki@indusind .com
Website: www.indusind.com
Contact Person: Mr. Suresh Esaki
SEBI Registration No.: INBI00000002

Refund Bank

Axis Bank Limited
B XXXI – 429, Upper Ground Floor
Chandigarh Road, Ludhiana
Punjab, India
Tel: (+91 161) 5092 407
Fax: (+91 161) 5092 407
E-mail: chandigarhroad.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Nikhil Dhir
SEBI Registration No.: INBI00000017

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time. For details on Designated Branches of SCSBs collecting the Bid cum Application Forms, refer to the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Syndicate SCSB Branches

In relation to ASBA Bids submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Broker Centres

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012, Bidders can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, a list of which is available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. In relation to ASBA Bids submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Statutory Auditors of our Company

Walker Chandiok & Co. LLP
L 41, Connaught Circus
New Delhi 110 001, India
Tel: (+91 11) 4278 7070
Fax: (+91 11) 4278 7071
Email: NewDelhi@in.gt.com
Firm Registration No: 001076N/N500013

Our auditors, by a certificate dated September 23, 2014, have confirmed that pursuant to a peer review process conducted by the Institute of Chartered Accountants of India, they hold a valid certificate issued by the Peer

Review Board of the Institute of Chartered Accountants of India on May 4, 2012, which will remain valid for a period of three years from the date of its issue.

IPO Grading

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Credit Rating

As this is an issue of Equity Shares, credit rating is not required for the Offer.

Trustees

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

Monitoring Agency

The Offer being an offer for sale, our Company will not receive any proceeds from the Offer and is not required to appoint a monitoring agency for the Offer.

Appraising Agency

No appraising agency has been appointed in respect of any project of our Company.

Experts

Except for the report of the Auditor on the Company's restated financial statements and the Statement of Tax Benefits, included in this Red Herring Prospectus on pages 166 and 73, respectively, our Company has not obtained any expert opinions.

Statement of Inter-se Allocation of Responsibilities of the BRLMs

The following table sets forth the responsibilities of the BRLMs in relation to this Offer:

S. No.	Activity	Responsibility	Co-ordination
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	SBICAP, Axis Cap, Edelweiss, Religare	SBICAP
2.	Pre Offer – Due Diligence on the Company, DRHP Drafting, compliance and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of RHP, Prospectus and SEBI, RoC filing and co-ordination of all agreements namely Offer agreement, Registrar agreement, Syndicate agreement, Escrow agreement and Underwriting agreement	SBICAP, Axis Cap, Edelweiss, Religare	SBICAP
3.	Coordinating approval of all statutory advertisements in relation to the Offering	SBICAP, Axis Cap, Edelweiss, Religare	SBICAP
4.	Coordinating approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	SBICAP, Axis Cap, Edelweiss, Religare	Edelweiss
5.	Appointment of other intermediaries including Bankers to the Offer, Printers and PR Agency; Registrar, Grading and Monitoring Agency, as applicable	SBICAP, Axis Cap, Edelweiss, Religare	Edelweiss
6.	Non-Institutional and Retail Marketing of the Offering, which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget; • Finalizing Media and PR strategy • Finalizing centres for holding conferences for brokers etc. • Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material; and finalizing collection centres.	SBICAP, Axis Cap, Edelweiss, Religare	Edelweiss

S. No.	Activity	Responsibility	Co-ordination
7.	International Institutional Marketing of the Offering, which will cover, inter alia, • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules.	SBICAP, Axis Cap, Edelweiss, Religare	Axis Cap
8.	Domestic Institutional Marketing of the Offering, which will cover, inter alia, • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules	SBICAP, Axis Cap, Edelweiss, Religare	Edelweiss
9.	Preparation of the roadshow presentation and FAQ	SBICAP, Axis Cap, Edelweiss, Religare	Axis Cap
10.	Finalization of pricing in consultation with the Company and Managing the book	SBICAP, Axis Cap, Edelweiss, Religare	Axis Cap
11.	Co-ordination with the Stock Exchanges for book building software, bidding terminals and mock trading	-	Edelweiss
12.	Post-Bidding activities - management of escrow accounts, co-ordination of non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to Bidders, etc. The Post Offer activities for the Offer will involve essential follow up steps, which include the finalisation of basis of allotment, dispatch of refunds, demat and delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Offer and Escrow Collection and Refund Banks. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.	SBICAP, Axis Cap, Edelweiss, Religare	Axis Cap
13.	Payment of the applicable Securities Transaction Tax on sale of unlisted equity shares by the Selling Shareholders under the offer for sale included in the Offer to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004.	SBICAP, Axis Cap, Edelweiss, Religare	Axis Cap

Book Building Process

The Book Building Process, with reference to the Offer, refers to the process of collection of Bids on the basis of this Red Herring Prospectus and the Bid cum Application Forms. The Price Band and the minimum Bid lot size for the Offer and the Rupee amount of the Retail Discount, if any, will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in all editions of *Business Standard*, all editions of *Business Standard (Hindi)* and Ludhiana edition of *Punjabi Jagran* (which are widely circulated English, Hindi and Punjabi newspapers, Punjabi being the regional language of Punjab where our Registered and Corporate Office is located), at least five Working Days prior to the Bid/Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Offer Price will be finalized after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholders;
- the BRLMs;
- the Syndicate Members, who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as Underwriters;
- the Registrar to the Offer;
- the Registered Brokers;
- the Escrow Collection Banks; and
- the SCSBs.

Pursuant to Rule 19(2)(b)(i) of the SCRR, the Offer is being made for at least 25% of the post-Offer paid up Equity Share capital of our Company. The Offer is being made through the Book Building Process where 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, of which at least one-third will be available for allocation to domestic Mutual Funds. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, on a proportionate basis, subject to applicable laws.

QIBs (excluding Anchor Investors) and the Non-Institutional Investors can participate in this Offer only through the ASBA process and Retail Individual Investors have the option to participate through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process.

QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until finalization of Basis of Allotment. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. For further details, see "***Offer Structure***" on page 263.

Our Company and the Selling Shareholders will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for the Offer. In this regard, our Company and the Selling Shareholders have appointed the BRLMs to manage the Offer and procure subscriptions to the Offer.

The Book Building process under the SEBI ICDR Regulations is subject to change from time to time and Bidders are advised to make their own judgment about investment through the Book Building process prior to making a Bid in the Offer.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Offer, and also excludes bidding under the ASBA process)*

Bidders can bid at any price within the Price Band. For instance, assume a price band of ₹ 20 to ₹ 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer, in consultation with the book running lead managers will, finalize the issue price at or below such cut-off price, i.e., at or below ₹ 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details, see "***Offer Procedure - Who Can Bid***" on page 271).

2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form, as applicable.

3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain the Demographic Details of the Bidders from the Depositories.

4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depositary Participant's verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims.

5. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

6. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs or to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centres. Ensure that the SCSB where the ASBA Account (as specified in the Bid cum Application Form) is maintained has named at least one branch at the Specified Location or the Broker Centre for the members of the Syndicate or the Registered Broker, respectively, to deposit Bid cum Application Forms (a list of such branches is available at the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

7. Bids by ASBA Bidders may be submitted in the physical mode to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centres and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. ASBA Bidders should ensure that the ASBA Accounts have adequate credit balance at the time of submission to the SCSB or the Syndicate or the Registered Brokers to ensure that the Bid cum Application Form is not rejected.

8. Bids by non-ASBA Bidders will have to be submitted to the Syndicate (or their authorised agents) at the bidding centres or to the Registered Brokers at the Broker Centres.

9. Bids by QIBs (other than Anchor Investors) and Non-Institutional Investors must be submitted through the ASBA process only.

Underwriting Agreement

After the determination of the Offer Price but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved, in the event any of its or their Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC

(₹ in million)

Name, address, telephone, fax and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and would be finalized after the pricing and actual allocation and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

The Underwriting Agreement provides for the role and obligations of each of the Syndicate Members. All the Equity Shares offered through the Offer will be fully paid-up at the time of Allotment. Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

Set forth below are the details of the Equity Share capital of our Company as on the date of this Red Herring Prospectus.

(in ₹)

		Aggregate value at face value	Aggregate value at Offer Price
A)	**Authorized Share Capital**		
	25,000,000 Equity Shares of ₹ 10 each	250,000,000	-
B)	**Issued, subscribed and paid-up share capital prior to the Offer**		
	21,732,064 Equity Shares of ₹ 10 each	217,320,640	-
C)	**The Offer*#**		
	5,433,016 Equity Shares of ₹ 10 each	54,330,160	[●]
	Of which		
	QIB Category of 2,716,507 Equity Shares**	27,165,070	[●]
	Of which		
	- Available for allocation to Mutual Funds only	[●]	[●]
	- Balance for all QIBs including Mutual Funds	[●]	[●]
	Of which		
	Non-Institutional Category of not less than 814,953 Equity Shares	8,149,530	[●]
	Retail Category of not less than 1,901,556 Equity Shares	19,015,560	[●]
D)	**Issued, subscribed and paid-up share capital after the Offer**		
	21,732,064 Equity Shares of ₹ 10 each	217,320,640	[●]
E)	**Share Premium Account**		
	Before the Offer	1,286,975,700	
	After the Offer	1,286,975,700	

* *The Selling Shareholders are offering 5,433,016 Equity Shares, comprising (i) 711,466 Equity Shares by Mr. Jawahar Lal Oswal; (ii) 445,352 Equity Shares by Mr. Dinesh Oswal; (iii) 87,289 Equity Shares by Mr. Kamal Oswal; (iv) 1,646,420Equity Shares by KIL; (v) 910,570 Equity Shares by OWML; (vi) 1,177,168 Equity Shares by AGFPL; and (vii) 454,751 Equity Shares by VIL, pursuant to their letters dated July 7, 2014 and resolutions passed by their respective boards of directors on November 3, 2014, June 26, 2014, June 19, 2014 and November 3, 2014, respectively.*

** *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors. In case of under subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Category. For further details see "**Offer Procedure**" on page 270.*

Please note that, based on an undertaking provided to SEBI by our Company and the Selling Shareholders, in addition to receipt of sufficient number of valid Bids from Retail Individual Investors, Non-Institutional Investors and Qualified Institutional Buyers and other conditions as stated in this Red Herring Prospectus, Allotment of Equity Shares pursuant to the Offer will be undertaken only upon receipt of Bids equivalent to at least 25% of the Offer (including Bids received under the Anchor Investor Portion) from Mutual Funds and/or Insurance Companies.

Offer for Sale by the Selling Shareholders

The Offer comprises an Offer for Sale of (i) 711,466 Equity Shares by Mr. Jawahar Lal Oswal; (ii) 445,352 Equity Shares by Mr. Dinesh Oswal; (iii) 87,289 Equity Shares by Mr. Kamal Oswal; (iv) 1,646,420 Equity Shares by KIL; (v) 910,570 Equity Shares by OWML; (vi) 1,177,168 Equity Shares by AGFPL; and (vii) 454,751 Equity Shares by VIL. The Offer for Sale by certain of our Promoters and members of the Promoter Group constitutes 17.42% and by KIL constitutes 7.58% of the post-Offer paid up Equity Share capital, respectively.

The specified securities constituting the Offer for Sale have been held by the Selling Shareholders for a period of more than one year prior to the filing of the Draft Red Herring Prospectus.

Notes to Capital Structure

1. **Share Capital History of our Company**

(a) Set forth below is the Equity Share capital history of our Company.

Date of Issue/Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration in Cash/Other than Cash	Nature of Allotment	Reasons for Allotment	Cumulative paid-up Equity Share Capital (₹)
July 1, 2008	50,000	10	10	Cash	Subscription to the Memorandum of Association(1)	Subscription to Memorandum of Association	500,000
August 10, 2011	8,665,000	10	N.A.	Other than Cash	Allotment pursuant to the scheme of arrangement and demerger with OWML (2)	Scheme of arrangement and demerger with OWML	87,150,000
September 5, 2011	8,715,000	10	N.A.	N.A.	Bonus issue in the ratio 1:1(3)	Capitalisation of reserves of our Company	174,300,000
September 30, 2011	1,428,500	10	56	Cash	Preferential allotment(4)	Funding capital expenditure requirement of our Company at that time	188,585,000
June 5, 2012	2,873,564	10	435	Cash	Preferential allotment(5)	Generating long term resources for implementing future growth plans	217,320,640
Total	**21,732,064**						**217,320,640**

(1) Subscription to the Memorandum of Association by OWML (49,400 Equity Shares), Mr. Jawahar Lal Oswal (100 Equity Shares), Mr. Kamal Oswal (100 Equity Shares), Mr. Dinesh Oswal (100 Equity Shares), Ms. Monica Oswal (100 Equity Shares), Ms. Ruchika Oswal (100 Equity Shares) and Mr. Sandeep Jain (100 Equity Shares).
*(2) Allotment of 8,665,000 Equity Shares to the shareholders of OWML in the ratio of 35 Equity Shares of our Company for every 100 equity shares held in OWML. For details, see "**History and Certain Corporate Matters – Scheme of Arrangement and Demerger**" on page 126.*
(3) Allotment of 8,715,000 Equity Shares to the then existing shareholders of our Company pursuant to a bonus issue in the ratio of 1:1.
(4)Preferential allotment of 714,250 Equity Shares to Mr. Jawahar Lal Oswal, 178,563 Equity Shares to Mr. Kamal Oswal and 535,687 Equity Shares to Mr. Dinesh Oswal. The issue price was arrived at by applying the net asset value method of valuing unlisted equity shares.
(5)Preferential allotment of 2,873,564 Equity Shares to KIL pursuant to the KIL SHA. The issue price was arrived at by applying the cash discounting method as specified by the RBI.

(b) Our Company has not issued any preference shares since incorporation. Accordingly, as on the date of this Red Herring Prospectus, our Company does not have any preference share capital.

2. **Issue of Equity Shares for Consideration other than Cash**

(a) Our Company has not issued any Equity Shares out of revaluation reserves since our incorporation.

(b) Our Company entered into a scheme of arrangement and demerger with OWML pursuant to which our Company allotted 8,665,000 Equity Shares to the shareholders of OWML in the ratio of 35 Equity Shares of our Company for every 100 equity shares held in OWML, where the consideration was in other than cash.

Date of Issue/Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Allotment	Benefits accrued to our Company
August 10, 2011	8,665,000	10	N.A.	Allotment pursuant to the scheme of	For benefits accrued to our Company from the scheme of arrangement and

Date of Issue/Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Allotment	Benefits accrued to our Company
				arrangement and demerger with OWML	demerger, see "***History and Certain Corporate Matters – Scheme of Arrangement and Demerger***" on page 126.

3. **Issue of Equity Shares in the last one year**

Our Company has not issued any Equity Shares in the last one year.

4. **Build-up of Promoters' shareholding, Promoters' contribution and lock-in**

(i) Build-up of our Promoter's shareholding in our Company

As on the date of this Red Herring Prospectus, our Promoters, Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Ms. Monica Oswal, Ms. Ruchika Oswal, SMCL and SSCL hold 10,380,729 Equity Shares, equivalent to 47.76% of the issued, subscribed and paid-up Equity Share capital of our Company. None of the Equity Shares held by our Promoters is subject to any pledge.

Set forth below is the build-up of the shareholding of our Promoters in our Company since incorporation.

Name of Promoter	Date of Allotment/ Acquisition/ Transfer	Consideration in Cash/Other than Cash	Nature of Allotment/ Acquisition	No. of Equity Shares	Face Value (₹)	Issue price/ Acquisition or Transfer Price per Equity Share (₹)
Mr. Jawahar Lal Oswal	July 1, 2008	Cash	Subscription to the Memorandum of Association	100	10	10
	October 30, 2010	Cash	Transfer(1)	(100)	10	10
	August 10, 2011	Other than Cash	Allotment pursuant to the scheme of arrangement and demerger with OWML	106,003	10	N.A.
	September 5, 2011	N.A	Bonus issue in the ratio 1:1	106,003	10	N.A.
	September 30, 2011	Cash	Preferential allotment	714,250	10	56
	June 5, 2012	Cash	Transfer(2)	(106,003)	10	435
Total (A)				**820,253**		
Mr. Kamal Oswal	July 1, 2008	Cash	Subscription to the Memorandum of Association	100	10	10
	October 30, 2010	Cash	Transfer(3)	(100)	10	10
	August 10, 2011	Other than Cash	Allotment pursuant to the scheme of arrangement and demerger with OWML	17,838	10	N.A.
	September 5, 2011	N.A	Bonus issue in the ratio 1:1	17,838	10	N.A.
	September 30, 2011	Cash	Preferential allotment	178,563	10	56
	June 5, 2012	Cash	Transfer(4)	(17,838)	10	435
Total (B)				**196,401**		
Mr. Dinesh Oswal	July 1, 2008	Cash	Subscription to the Memorandum of Association	100	10	10
	October 30, 2010	Cash	Transfer(5)	(100)	10	10

Name of Promoter	Date of Allotment/ Acquisition/ Transfer	Consideration in Cash/Other than Cash	Nature of Allotment/ Acquisition	No. of Equity Shares	Face Value (₹)	Issue price/ Acquisition or Transfer Price per Equity Share (₹)
	August 10, 2011	Other than Cash	Allotment pursuant to the scheme of arrangement and demerger with OWML	18,288	10	N.A.
	September 5, 2011	N.A	Bonus issue in the ratio 1:1	18,288	10	N.A.
	September 30, 2011	Cash	Preferential allotment	535,687	10	56
	June 5, 2012	Cash	Transfer(6)	(18,288)	10	435
Total (C)				**553,975**		
Ms. Monica Oswal	July 1, 2008	Cash	Subscription to the Memorandum of Association	100	10	10
	October 30, 2010	Cash	Transfer(7)	(100)	10	10
	August 10, 2011	Other than cash	Allotment pursuant to the scheme of arrangement and demerger with OWML	525	10	N.A.
	September 5, 2011	N.A	Bonus issue in the ratio 1:1	525	10	N.A.
Total (D)				**1,050**		
Ms. Ruchika Oswal	July 1, 2008	Cash	Subscription to the Memorandum of Association	100	10	10
	October 30, 2010	Cash	Transfer(8)	(100)	10	10
	August 10, 2011	Other than cash	Allotment pursuant to the scheme of arrangement and demerger with OWML	525	10	N.A.
	September 5, 2011	N.A	Bonus issue in the ratio 1:1	525	10	N.A.
Total (E)				**1,050**		
Sidhant and Mannat Company Limited	November 20, 2012	Cash	Inter-se acquisition within Promoter Group(9)	4,404,000	10	1.99
Total (D)				**4,404,000**		
Simran and Shanaya Company Limited	November 20, 2012	Cash	Inter-se acquisition within Promoter Group(10)	4,404,000	10	0.98
Total (E)				**4,404,000**		
TOTAL (A+B+C+D+E)				**10,380,729**		

(1) Transfer of 100 Equity Shares to OWML.
(2) Transfer of 106,003 Equity Shares to KIL.
(3) Transfer of 100 Equity Shares to OWML.
(4) Transfer of 17,838 Equity Shares to KIL.
(5) Transfer of 100 Equity Shares to OWML.
(6) Transfer of 18,288 Equity Shares to KIL.
(7) Transfer of 100 Equity Shares to OWML.
(8) Transfer of 100 Equity Shares to OWML.
(9) Acquisition of 4,404,000 Equity Shares from Girnar Investment Limited.
(10) Acquisition of 4,404,000 Equity Shares from Nagdevi Trading and Investment Company Limited.

Our Promoters have confirmed to the Company and the BRLMs that the Equity Shares held by our Promoters have been financed from their personal funds or its internal accruals, as the case may be, and no loans or financial assistance from any bank or financial institution has been availed by them for this purpose.

(ii) Shareholding of the Promoters and the Promoter Group

The table below presents the shareholding of our Promoters and Promoter Group as on the date of filing of this Red Herring Prospectus:

Shareholders	Pre-Offer		Post-Offer	
	No. of Equity Shares	Percentage (%)	No. of Equity Shares	Percentage (%)
Promoters				
Mr. Jawahar Lal Oswal	820,253	3.77	108,787	0.50
Mr. Kamal Oswal	196,401	0.90	109,112	0.50
Mr. Dinesh Oswal	553,975	2.55	108,623	0.50
Ms. Monica Oswal	1,050	0.01	1,050	0.01
Ms. Ruchika Oswal	1,050	0.01	1,050	0.01
Sidhant and Mannat Company Limited	4,404,000	20.26	4,404,000	20.26
Simran and Shanaya Company Limited	4,404,000	20.26	4,404,000	20.26
Sub Total (A)	**10,380,729**	**47.76**	**9,136,622**	**42.04**
Promoter Group				
Ms. Abhilash Oswal	107,583	0.50	107,583	0.50
Mr. Sambhav Oswal	87,500	0.40	87,500	0.40
Ms. Tanvi Oswal	175,000	0.81	175,000	0.81
Mr. Abhinav Oswal	70,000	0.32	70,000	0.32
Mr. Rishabh Oswal	70,000	0.32	70,000	0.32
Ms. Manisha Oswal	52,500	0.24	52,500	0.24
Ms. Ritu Oswal	17,500	0.08	17,500	0.08
Neha Credit and Investment Private Limited	42	0.00	42	0.00
Nagdevi Trading and Investment Company Limited	1,185,150	5.45	1,185,150	5.45
Nahar Capital Financial Services Limited	1,575,000	7.25	1,575,000	7.25
Abhilash Growth Fund Private Limited	1,177,168	5.42	0.00	0.00
Girnar Investment Limited	825,714	3.80	825,714	3.80
Atam Vallabh Financiers Limited	67,106	0.31	67,106	0.31
Vardhaman Investments Limited	49,718	0.23	49,718	0.23
Vanaik Investors Limited	864,024	3.98	409,273	1.88
OWML	910,570	4.19	0.00	0.00
Sub Total (B)	**7,234,575**	**33.30**	**4,692,086**	**21.60**
Total Promoters and Promoter Group ((A) + (B))	**17,615,304**	**81.06**	**13,828,708**	**63.63**

The directors of our corporate Promoters, Ms. Abhilash Oswal, Ms. Ruchika Oswal, Ms. Monica Oswal and Mr. Komal Jain, hold 1,07,583 Equity Shares, 1,050 Equity Shares, 1,050 Equity Shares and 42 Equity Shares of our Company, respectively.

(iii) Details of Promoters' Contribution Locked-in for Three Years

Pursuant to the SEBI ICDR Regulations, an aggregate of at least 20% of the post-Offer Equity Share capital of our Company held by our Promoters shall be locked in by our Promoters for a period of three years from the date of Allotment. All Equity Shares of our Company held by our Promoters are eligible for Promoters' contribution.

Accordingly, Equity Shares aggregating 20% of the post-Offer capital of our Company, held by our Promoters, shall be locked in for a period of three years from the date of Allotment in the Offer as follows:

Name of Promoter	Number of Equity Shares locked in as part of Promoters' Contribution	Date of Allotment/ Acquisition/ Transfer	Issue price/ Acquisition or Transfer Price per Equity Share (₹)	Face Value (₹)	Percentage of pre-Offer Capital	Percentage of post-Offer Capital
SMCL	2,173,207	November 20, 2012	1.99	10	10.00	10.00
SSCL	2,173,207	November 20, 2012	0.98	10	10.00	10.00

Name of Promoter	Number of Equity Shares locked in as part of Promoters' Contribution	Date of Allotment/ Acquisition/ Transfer	Issue price/ Acquisition or Transfer Price per Equity Share (₹)	Face Value (₹)	Percentage of pre-Offer Capital	Percentage of post-Offer Capital
Total	**4,346,414**				**20.00**	**20.00**

For details on build-up of Equity Shares held by our Promoters, see "***– (a) Build-up of our Promoter's shareholding in our Company***" above.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoters' under the SEBI ICDR Regulations. The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:

a) The Equity Shares offered for minimum 20% Promoters' contribution have not been acquired in the three years preceding the date of this Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets nor resulted from a bonus issue out of the revaluation reserves or unrealized profits of the Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;

b) The minimum Promoters' contribution does not include Equity Shares acquired during the one year preceding the date of this Red Herring Prospectus at a price lower than the Offer Price;

c) Our Company has not been formed by the conversion of a partnership firm into a company and thus, no Equity Shares have been issued to our Promoters upon conversion of a partnership firm;

d) The Equity Shares held by the Promoters and offered for minimum Promoters' contribution are not subject to any pledge; and

e) All the Equity Shares of our Company held by the Promoter and the Promoter Group are held in dematerialized form.

(iv) Details of Equity Shares Locked-in for One Year

Other than the Equity Shares held by our Promoters which will be locked in as minimum Promoter's contribution for three years and excluding 5,433,016 Equity Shares forming this Offer for Sale, as disclosed above, the entire pre-Offer Equity Share capital of our Company, comprising 11,952,634 Equity Shares, shall be locked-in for a period of one year from the date of Allotment. Additionally, any unsubscribed portion of the Offer for Sale of 5,433,016 Equity Shares being offered by the Selling Shareholders would also be locked-in for one year from the date of Allotment.

(v) Lock-in of Equity Shares allotted to Anchor Investors

Further, Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

(vi) Other requirements in respect of lock-in

Locked-in Equity Shares for one year, held by our Promoters may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan.

The Equity Shares held by persons other than our Promoters prior to the Offer and which are locked-in may be transferred to any other person holding Equity Shares, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "**Takeover Regulations**").

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 Takeover Regulations.

5. **Shareholding Pattern of our Company**

Set forth below is our shareholding pattern as on the date of this Red Herring Prospectus:

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES (PRE-OFFER)	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL NUMBER OF SHARES (POST OFFER)*	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		NUMBDER OF SHARES PLEDGE OR OTHERWISE ENCUMBERED
						PRE-OFFER	POST-OFFER	
						AS A PERCENTAGE of (A+B)	AS A PERCENTAGE of (A+B)	NUMBER OF SHARES
(I)	(II)	(III)	(IV)	(V)		(VI)	(VII)	(VIII)
(A)	**PROMOTER AND PROMOTER GROUP**							
(1)	INDIAN							
(a)	Individual /HUF	12	2,152,812	2,152,812	908,705	9.91	4.18	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	11	15,462,492	15,462,492	12,920,003	71.15	59.45	
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(1) :	**23**	**17,615,304**	**17,615,304**	**13,828,708**	**81.06**	**63.63**	**-**
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(2) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total A=A(1)+A(2)	**23**	**17,615,304**	**17,615,304**	**13,828,708**	**81.06**	**63.63**	**-**
(B)	**PUBLIC SHAREHOLDING**							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	-	-	-	-	-	-	-
(b)	Financial Institutions /Banks	-	-	-	-	-	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Portfolio Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(i)	Others	1	4,022,990	4,022,990	2,376,570	18.51	10.94	-
	Sub-Total B(1) :	**1**	**4,022,990**	**4,022,990**	**2,376,570**	**18.51**	**10.94**	**-**
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	3	54,862	-	54,862	0.25	0.25	-
(b)	Individuals							
	(i) Individuals holding nominal share capital up to ₹ 0.1 million	82	22,346	268	22,346	0.10	0.10	-
	(ii) Individuals holding nominal share capital in excess of ₹ 0.1 million	1	16,562	-	16,562	0.08	0.08	-
(c)	Any Others							
(d)	Foreign Portfolio Investors							
	Sub-Total B(2) :	**86**	**93,770**	**268**	**93,770**	**0.43**	**0.43**	**-**
	Total B=B(1)+B(2) :	**87**	**4,116,760**	**4,023,258**	**2,470,340**	**18.94**	**11.37**	**-**
(e)	PUBLIC (PURSUANT TO THE OFFER) B(3)	-	-	-	5,433,016	-	25.00	-
	Total B= B(1)+B(2)+B(3)	**87**	**4,116,760**	**4,023,258**	**7,903,356**	**18.94**	**36.37**	**-**
	Total (A+B) :	**110**	**21,732,064**	**21,638,562**	**21,732,064**	**100.00**	**100.00**	**-**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHARE HOLDERS	TOTAL NUMBER OF SHARES (PRE-OFFER)	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL NUMBER OF SHARES (POST OFFER)*	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES PRE-OFFER AS A PERCENTAGE of (A+B)	POST-OFFER AS A PERCENTAGE of (A+B)	NUMBDER OF SHARES PLEDGE OR OTHERWISE ENCUMBERED NUMBER OF SHARES
(I)	(II)	(III)	(IV)	(V)		(VI)	(VII)	(VIII)
(C)	Shares held by custodians, against which Depository receipts have been issued	-	-	-	-	-	-	-
-	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**110**	**21,732,064**	**21,638,562**	**21,732,064**	**100.00**	**100.00**	-

7. The BRLMs and their respective associates currently do not hold any Equity Shares in our Company.

8. The lists of top 10 shareholders of our Company and the number of Equity Shares held by them as on the date of filing, 10 days before the date of filing and two years before the date of filing of this Red Herring Prospectus are set forth below.

(a) Set forth below is a list of our 10 largest shareholders as on the date of this Red Herring Prospectus and 10 days prior to filing this Red Herring Prospectus.

S. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	Sidhant and Mannat Company Limited	4,404,000	20.26
2.	Simran and Shanaya Company Limited	4,404,000	20.26
3.	Kanchi Investments Limited	4,022,990	18.51
4.	Nahar Capital and Financial Services Limited	1,575,000	7.25
5.	Nagdevi Trading and Investment Company Limited	1,185,150	5.45
6.	Abhilash Growth Fund Private Limited	1,177,168	5.42
7.	Oswal Woollen Mills Limited	910,570	4.19
8.	Vanaik Investors Limited	864,024	3.98
9.	Girnar Investment Limited	825,714	3.80
10.	Mr. Jawahar Lal Oswal	820,253	3.77
	Total	**20,188,869**	**92.89**

(b) Set forth below is a list of our 10 largest shareholders as of two years prior to the date of this Red Herring Prospectus.

S. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	Sidhant and Mannat Company Limited	4,404,000	20.26
2.	Simran and Shanaya Company Limited	4,404,000	20.26
3.	Kanchi Investments Limited	4,022,990	18.51
4.	Nahar Capital and Financial Services Limited	1,575,000	7.25
5.	Nagdevi Trading and Investment Company Limited	1,185,150	5.45
6.	Abhilash Growth Fund Private Limited	1,177,168	5.42
7.	Ludhiana Holding Limited*	910,570	4.19
8.	Vanaik Investors Limited	864,024	3.98
9.	Girnar Investment Limited	825,714	3.80
10.	Mr. Jawahar Lal Oswal	820,253	3.77
	Total	**20,188,869**	**92.89**

**910,570 Equity Shares transferred to OWML pursuant to a scheme of amalgamation between Ludhiana Holdings Limited and OWML, as approved by the Punjab and Haryana High Court, through an order dated March 28, 2014.*

9. As on the date of this Red Herring Prospectus, there is no public shareholder holding more than 1% of the pre-Offer share capital of our Company, except as stated below.

S. No.	Name of Shareholder	No. of Equity Shares	Percentage shareholding

			Pre-Offer	Post-Offer
1.	KIL	4,022,990	18.51	10.94
	Total	**4,022,990**	**18.51**	**10.94**

10. Except as provided below, there has been no subscription to or sale or purchase of our Equity Shares, within three years preceding the date of filing of this Red Herring Prospectus, by our Promoters or Directors or Promoter Group, which in aggregate equals to or is greater than 1% of the pre-Offer Equity Share capital of our Company.

S. No.	Name of Shareholder	Promoter/Director/Promoter Group	Number of Equity Shares Subscribed To / Acquired	Number of Equity Shares Sold
1.	Mr. Jawahar Lal Oswal	Promoter and Director	714,250	-
2.	Mr. Dinesh Oswal	Promoter	535,687	-
3.	Girnar Investment Limited	Promoter Group	-	4,404,000
4.	Nagdevi Trading and Investment Company Limited	Promoter Group	-	4,404,000
5.	SMCL	Promoter	4,404,000	-
6.	SSCL	Promoter	4,404,000	-
7.	OWML	Promoter Group	910,570*	

**910,570 Equity Shares transferred to OWML pursuant to a scheme of amalgamation between Ludhiana Holdings Limited and OWML, as approved by the Punjab and Haryana High Court, through an order dated March 28, 2014.*

11. Neither the members of our Promoter Group, nor our Promoters, nor the directors of our Corporate Promoters, nor our Directors and their relatives have sold or purchased or financed the purchase of Equity Shares by any other person, other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

12. Except as disclosed above, as on date of this Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act 1956.

13. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, on a proportionate basis, subject to applicable law.

14. There are no partly paid-up Equity Shares in our Company. All the Equity Shares offered through the Offer will be fully paid-up at the time of Allotment.

15. As of the date of the filing of this Red Herring Prospectus, our Company has 110 shareholders holding Equity Shares.

16. Our Promoters, members of our Promoter Group, our Company, the Selling Shareholders, our Directors and the BRLMs have not entered into any buy-back or standby arrangements for purchase of Equity Shares from any person.

17. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into our Equity Shares as on the date of this Red Herring Prospectus.

18. Our Company has not raised any bridge loans.

19. We currently do not intend or propose any further issue of Equity Shares, 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 filing of the Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges or all application moneys have been refunded on account of failure of the Offer.

20. We currently do not intend or propose to alter our capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or, further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus issue or on

a rights basis or by way of further public issue of Equity Shares or qualified institutional placements or otherwise. However, if we enter into any acquisitions, joint ventures or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use the Equity Shares as currency for acquisition or participation in such joint ventures.

21. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

22. Except for the Offer for Sale as detailed above, our Promoters, members of our Promoter Group and Group Companies will not participate in the Offer.

23. Transactions in Equity Shares by the Promoters and members of the Promoter Group, if any, between the date of registering this Red Herring Prospectus with the RoC and the Bid/Offer Closing Date shall be reported to the Stock Exchanges within 24 hours of such transactions being completed.

OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and for the sale of 5,433,016 Equity Shares by the Selling Shareholders. Further, our Company expects that the listing of the Equity Shares will enhance our visibility and brand image among our existing and potential customers and provide liquidity to the existing shareholders. Our Company will not receive any proceeds of the Offer and all the proceeds will go to the Selling Shareholders.

Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, listing fees, underwriting and management fees, printing and distribution expenses, advertisement expenses and legal fees, as applicable. The estimated Offer expenses are as follows:

(₹ in million)

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the Book Running Lead Manager	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar	[●]	[●]	[●]
Underwriting commission, fees payable to the Bankers to the Offer, brokerage and selling commission, as applicable**	[●]	[●]	[●]
Brokerage and selling commission payable to Registered Brokers	[●]	[●]	[●]
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers and submitted with the SCSBs**	[●]	[●]	[●]
Others (listing fees, legal fees, etc.)	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

**Will be incorporated at the time of filing of the Prospectus.*
*** SCSBs would be entitled to a processing fee of ₹ 15 per Bid cum Application Form, for processing the Bid cum Application Forms procured by the members of the Syndicate and submitted to SCSBs.*

All expenses with respect to the Offer will be shared among the Selling Shareholders, in proportion to the Equity Shares being offered by them in this Offer.

Monitoring of Utilization of Funds

Since the Offer is an offer for sale and our Company will not receive any proceeds from the Offer, our Company is not required to appoint a monitoring agency for the Offer.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for the Offer Price are:

- Established leading all-season Indian apparel brand;
- Nationwide sales and distribution network;
- Our association with OWML and other Group Companies provides us with stable and reliable sourcing of raw materials and manufacturing facilities;
- Strong back-end with in-house design and manufacturing, and long-term relationships with third-partymanufacturer;
- Diversified product range
- Experienced management team

For further details see, "***Our Business***", "***Risk Factors***" and "***Financial Statements***" on pages 105, 11 and 166, respectively.

Quantitative Factors

The information presented below relating to our Company is based on the restated financial statements for fiscal 2014, 2013 and 2012 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. For details, see "***Financial Statements***" on page 166. On September 5, 2011, the shareholders of our Company approved a bonus issue of 8,715,000 Equity Shares of ₹ 10 each in the ratio of one equity share for every one share held as on September 5, 2011. All the financials ratios are calculated based on the outstanding Equity Shares after considering such bonus issue.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

- **Basic and Diluted Earnings Per Share ("EPS"), as adjusted for change in capital:**

  As per our restated financial statements:

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2012	27.25	27.25	1
March 31, 2013	23.05	23.05	2
March 31, 2014	25.45	25.45	3
Weighted Average	**24.95**	**24.95**	
Three month period ended June 30, 2014#	3.92	3.92	

#June 30, 2014 figures are not annualised

Notes:

(1) EPS calculations have been done in accordance with Accounting Standard 20-"Earning per share" issued by the Institute of Chartered Accountants of India.

(2) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.

(3) The basic and diluted EPS for the financial year ending FY2012 on restated basis, after adjusting for the bonus issue made on September 30, 2011.

- **Price/Earning (P/E) ratio in relation to Offer Price of ₹ [●] per Equity Share of ₹ 10 each:**

a. P/E based on basic and diluted EPS at the lower end of the Price Band is [●]
b. P/E based on basic and diluted EPS at the higher end of the Price Band is [●]
c. P/E based on basic and diluted EPS as per our restated financial statements for year ended March 31, 2014 is [●]

Note: Peer Group P/E*

i. Highest: 50.78
ii. Lowest: 31.63
iii. Industry Composite: 41.21

* Peer Group includes Kewal Kiran Clothing Limited and Zodiac Clothing Company Limited.

Source: P/E figures for the peers are computed based on closing price as of October 31, 2014, of Kewal Kiran Clothing Limited and Zodiac Clothing Company Limited as ₹ 1,693.35 and ₹ 391.00 per equity share, respectively, at NSE, available at www.nseindia.com divided by Basic and Diluted EPS (on standalone basis) based on the annual reports of such companies for the fiscal 2014.

- **Return on Net Worth ("RoNW"):**

As per our restated financial statements:

Year ended	RoNW (%)	Weight
March 31, 2012	32.80	1
March 31, 2013	15.06	2
March 31, 2014	14.55	3
Weighted Average	**17.76**	
Three month period June 30, 2014#	2.19	

#June 30, 2014 figures are not annualised

Note: The RoNW has been computed by dividing profit after tax by net worth. Net worth has been computed by aggregating share capital and reserves and surplus as per the audited restated financial statements. There is no share premium account, revaluation reserve or miscellaneous expenditure (to the extent not written off).

- **Minimum Return on Increased Net Worth for maintaining Pre-Offer EPS for the year ended March 31, 2014 is 14.55% and for the period ended June 30, 2014 is 2.19% (not annualised).**

As the Offer consists only of an offer for sale by the Selling Shareholders, there will be no change in the net worth post-Offer.

- **Net Asset Value# ("NAV") per Equity Share of face value ₹ 10 each as at March 31, 2014 is ₹ 174.84 and as of June 30, 2014 is ₹ 178.64.**

Note: Net Asset Value per Equity Share represents net worth, as restated, divided by the number of Equity Shares outstanding at the end of the period.

As the Offer consists only of an offer for sale by the Selling Shareholders, there will be no change in the NAV post-Offer.

- **Comparison of accounting ratios with Industry Peers:**

Name of the Company	Revenue (Revenue from Operations and other income (₹ in million)	Face Value per Equity Share (₹)	P/E	EPS (Basic & Diluted) (₹)	Return on Net Worth (%)	Net Asset Value / Share (₹)
MCFL(1)	5,188.92	10	[●]	25.45	14.55	174.84
Peer Group						
Kewal Kiran Clothing Limited(2)	3,790.38	10	31.63(c)	54.38	23.06	235.79
Zodiac Clothing Co. Limited(2)	3,551.36	10	50.78(c)	7.70	8.47	90.84
Industry Average	3,670.87			31.04	15.77	163.32

(1) *Based on standalone restated audited financials of our Company for Fiscal 2014.*
(2) *Based on standalone audited financials of Kewal Kiran Clothing Limited and Zodiac Clothing Company Limited for Fiscal 2014.*

(a) Return on Net Worth is calculated as Net Profit for the year divided by Shareholders Fund (share capital plus reserves and surplus).
(b) Net Asset Value per share is calculated as Shareholders Fund divided by paid-up number of shares of the company.
(c) P/E figures for the peers are computed based on closing price as of October 31, 2014, of Kewal Kiran Clothing Limited and Zodiac Clothing Company Limited as ₹1,693.35 and ₹ 391.00 per equity share , respectively, at NSE, available at www.nseindia.com divided by Basic and Diluted EPS (on standalone basis) based on the annual reports of such companies for the fiscal 2014.

The Offer Price of ₹ [●] has been determined by our Company and Selling Shareholders, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "***Risk Factors***" and "***Financial Statements***" on pages 11 and 166, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in ***"Risk Factors"*** or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Monte Carlo Fashions Limited
G.T. Road, Sherpur
Ludhiana – 141003, Punjab

Dear Sirs

Subject: Statement of Possible Tax Benefits

We hereby certify that the enclosed annexure states the possible tax benefits available to Monte Carlo Fashions Limited ("the Company") and to the shareholders of the Company under the provisions of the Income-tax Act, 1961 and Wealth-tax Act, 1957 (collectively referred to as "Tax Laws"), presently in force in India for the Financial Year ("FY") 2014-15 – Assessment year (AY) 2015-16. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the Company or its shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The enclosed statement discusses key tax benefits including potential benefits. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a 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 public issue 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:

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

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 Tax Laws. The same shall be subject to notes to this annexure.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

per **David Jones**
Partner
Membership No. 098113

Place: New Delhi
Date: September 22, 2014

TAXATION

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

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

The following is based on the provisions of the Income-tax Act, 1961 ("the Act") as of the date hereof. The Act is amended every fiscal year.

1. Levy of Income Tax

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

1.1. Residential status of an Individual –

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

a) ***a period or periods aggregating to 182 days or more in that FY; or***

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

In the case of a citizen of India or a person of Indian origin living outside India who comes on a visit to India in any previous year, the limit of 60 days under point (b) above, shall be read as 182 days.

In the case of a citizen of India who leaves India as member of the crew of an Indian ship or for the purposes of employment outside India in any previous year, the limit of 60 days under point (b) above, shall be read as 182 days.

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

1.2. Residential status of a company –

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

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

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

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

1.4. Residential status of every other person –

Every other person is resident in India in a FY in every case except when the control and management of his affairs is situated wholly outside India.

1.5. Scope of taxation

In general, a person who is "resident" in India in a FY is subject to tax in India on its global income. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India is subject to tax in India.

In the instant case, the income from the equity shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all categories of tax payers irrespective of their residential status unless specifically exempt (e.g. Dividend). However, a relief may be available under applicable Double Taxation Avoidance Agreement ('DTAA') to certain non-residents/ investors.

Tax Considerations

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

2. Benefits available to the Company - Under the Act

2.1 Special Tax Benefits

There are certain special tax holiday benefits available under the provisions of the Act. At present, there are no special tax holiday benefits available to the Company, since it does not satisfy the conditions prescribed therein.

2.2 General Tax Benefits

2.2.1. As per section 10(15) of the Act, any interest received by the Company from any public sector company in respect of bonds or debentures is exempt from tax. The exemption is subject to such conditions including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may specify in this behalf by notification in the Official Gazette.

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

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

However, the Company would be liable to pay DDT at 15% (plus applicable surcharge and education cess and secondary & higher education cess) on the grossed up amount declared, distributed or paid as dividends.
Thus, where the amount of dividend paid or distributed by a company is Rs. 85, then DDT under the amended provision would be calculated as follows:
Dividend amount distributed = Rs. 85
Increase by Rs. 15 [i.e. (85*0.15)/(1-0.15)]
Increased amount = Rs. 100
DDT @ 15% of Rs. 100 = Rs. 15
Tax payable u/s 115-O is Rs. 15
Dividend distributed to shareholders = Rs. 85

In calculating the amount of dividend on which DDT is payable, dividends (if any, received by the Company during the tax year and subject to fulfillment of the conditions), shall be reduced by:

- dividends received by the domestic company from a subsidiary of the Company (A company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company); and

- where such subsidiary is a domestic company, it has paid tax payable under section 115-O (DDT) or where such subsidiary is a foreign company, the tax is payable under section 115BBD by the domestic company.

As per the proviso to this section, the same amount of dividend would not be taken into account for reduction more than once

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

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

ii) Income received in respect of the units from the Administrator of the Specified undertaking; or

iii) Income received in respect of units from the specified company.

However, as per the proviso to section 10(35), the above provisions are not applicable to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund

2.3 Deductions under "Income from House Property"

2.3.1. Under Section 24(a) of the Act, the Company is eligible for a standard deduction of 30% of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out), where the Company has income chargeable to tax under the head '*Income from House Property*'.

2.3.2. Further, under Section 24(b) of the Act, where the house property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such borrowed capital shall be allowed as a deduction in computing the income, if any, from such house property.
In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.

2.4 <u>Computation of capital gains</u>

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

Shares in a company or any other security listed in a recognized stock exchange in India or units of Unit Trust of India or units of mutual fund specified under section 10(23D) or zero coupon bonds are considered as long-term capital assets if they are held for a period more than 12 months immediately preceding date of their transfer. Consequently, capital gains arising on sale of these assets are considered as 'long-term capital gains'.

Capital gains arising on sale of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.

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

For this purpose 'Equity oriented fund' means a fund –

i) Where the investible funds are invested by way of equity shares in the domestic companies to the extent of more than 65% of the total proceeds of such funds; and

ii) Which has been set up under a scheme of a Mutual fund specified under Section 10(23D).

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

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

However, in respect of long-term capital gains (as defined in para 2.4.1 above), a deduction of indexed cost of acquisition/improvement is available.

Indexed cost of acquisition means the means an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index (CII) for the year in which the asset is transferred bears to the CII for the first year in which the asset was held by the taxpayer or for the year beginning on April 1, 1981, whichever is later. In other words indexed cost of acquisition is computed as under:

Cost of acquisition X CII of the FY in which the asset is transferred/ CII of the FY in which the asset was first held by the tax payer or for the year beginning on April 1, 1981 whichever is later.

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

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

2.4.5 As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess). Short-term capital gains arising from transfer of shares, other than those covered by Section 111A of the Act, would be subject to tax at the rate as applicable to the Company i.e 30% (plus applicable surcharge, education cess and secondary & higher education cess).

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

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988; or

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during the FY in which asset is transferred and in subsequent FY cannot exceed Rs.5,000,000.

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

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

Set off and carry forward of capital loss

2.4.7 Under section 70(2) of the Act, the Company can set off short term capital loss against other short term capital gain or long term capital gain. Under section 70(3) of the Act, the Company can set off long term capital loss against other long term capital gain.

2.4.8 Under section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (upto 8 years). Unabsorbed long term capital loss can be carried forward and set off against long term capital gains only in of subsequent years (upto 8 years). However, as per Section 80 of the Act, the unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under section 139(1) of the Act.

Computation of business income

2.5 Depreciation allowance

2.5.1. Under Section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates in respect of the following assets:

- Tangible assets being building, machinery, plant or furniture;
- Intangible assets being know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature acquired on or after April 1, 1998

2.5.2. As per provision of Section 32(1)(iia) of the Act, the Company is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new machinery or plant acquired and installed after 31 March 2005. However, no deduction is allowed in respect of:

a) Ships and Aircraft;

b) Any machinery or plant which, before its installation by the company, was used either within or outside India by any other person;

c) Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;

d) Any office appliances or road transport vehicles; or

e) Any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether as depreciation or otherwise) in computing the income under the head ‘Profits and gains from business and profession’ of any one FY.

2.6 Carry forward of unabsorbed depreciation, unabsorbed business losses

2.6.1. Under Section 32(2) of the Act, the Company can carry forward and set off unabsorbed depreciation of one FY and adjusted against income of subsequent years.

2.6.2. Under Section 72 of the Act, unabsorbed business loss, if any can be carried forward and set off against business profits of subsequent years (upto 8 years) subject to prescribed conditions. However, as per Section 80 of the Act, the unabsorbed business loss can be carried forward only when the return of income has been filed within the time prescribed under section 139(1) of the Act.

2.7 Investment in new plant and machinery

Under Section 32AC(1) of the Act, the Company is entitled to a deduction of 15% of actual cost of 'new assets' acquired and installed after March 31, 2013 but before April 1, 2015 subject to fulfillment of prescribed conditions. The aggregate amount of actual cost of new assets should exceed Rs. 100 crores.

As per section 32AC(1A), the Company is entitled to a deduction of 15% of actual cost of 'new assets' acquired and installed in a FY subject to fulfillment of prescribed conditions. The aggregate amount of actual cost of new assets should exceed Rs. 25 crores. No deduction under section 32AC(1A) would be available from FY 2017-18 onwards.

It has been provided that for the AY 2015-16 no deduction would be available under section 32AC(1A) if the Company is eligible to claim deduction under section 32AC(1).

Further in case the new asset acquired or and installed is transferred by the Company within 5 years from the date of its installation, the amount of deduction allowed under section 32AC(1)/(1A) [except in connection with amalgamation/demerger] would be deemed to be income under the head 'profits and gains from business and profession' of the year in which such new asset is sold or otherwise transferred. This taxability is in addition to the taxability of gains arising on transfer of new asset.

The term 'new asset' means any new plant and machinery but does not include:

- Ships and Aircraft;
- Any machinery or plant which, before its installation by the company, was used either within or outside India by any other person;
- Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;
- Any office appliances including computers or computer software
- Any vehicle; or
- Any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether as depreciation or otherwise) in computing the income under the head 'Profits and gains from business and profession' of any one FY.

Potential tax benefits

2.8 Deduction of expenditure on scientific research

2.8.1 Under Section 35(1)(i) and Section 35(1)(iv) of the Act, the Company is eligible for deduction in respect of any revenue or capital expenditure (other than expenditure on the acquisition of any land) incurred on scientific research related to its business.

2.8.2 Under Section 35(1)(ii) of the Act, the Company can claim weighted deduction of one and three fourth times (175%) of any sum paid to an approved research association (which has as its object, the undertaking of scientific research) or to a university, college or other institution to be used for scientific research.

2.8.3 Under Section 35(1)(iia) of the Act any sum paid to a company registered in India (which has as its main object the conduct of scientific research and development) and is approved by the prescribed authority can be claimed as deduction to the extent of one and one fourth times(125%) of the amount so paid.

2.8.4 Under section 35(1)(iii) the Company is eligible for a deduction of one and one fourth times (125%) of the sum paid to a research association, university, college or other institution to be used for research in social science or statistical research. This weighted deduction is available to amounts paid to approved research association, university, college or institution.

2.8.5 The company is eligible for weighted deduction of 200% under Section 35(2AA) in respect of payments to a National Laboratory, university or Indian Institute of Technology in respect of approved programs of scientific research. The weighted deduction is available provided the sum is paid with specific direction that it is used for approved programs of scientific research.

2.8.6 Under Section 35(2AB) a weighted deduction of 200% of expenditure incurred on scientific research (excluding cost of land or building) in an approved in-house research and development facility is available to the Companies engaged in the business of manufacturing articles or things, not being items mentioned in the Eleventh Schedule.

2.9 Deduction of expenditure on eligible projects or scheme

As per the provisions of section 35AC of the Act, the Company is eligible for deduction of any expenditure incurred towards payment of any sum to a public sector company or local authority or an association or institution approved by the National Committee for carrying out any eligible project or scheme, subject to prescribed conditions.

2.10 Amortisation of certain expenditure

2.10.1 Under Section 35D of the Act, a company is eligible for deduction in respect of specified preliminary expenditure incurred by it in connection with extension of its undertaking or in connection with setting up new unit for an amount equal to 1/5th of such expenditure over 5 successive AYs subject to conditions and limits specified in that Section.

2.10.2 Specified expenditure includes expenditure in connection with the issue, for public subscription, of shares in or debentures of the company, being underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of the prospectus.

2.10.3 Under Section 35DDA of the Act, the company is eligible for deduction in respect of payments made to its employees in connection with his voluntary retirement for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that Section.

2.11 Expenditure on skill development project

As per section 35CCD, the Company would be entitled to a deduction of one and a half times of an amount of expenditure (not being expenditure in the nature of cost of any land or building) incurred on any skill development project notified by the Central Board of Direct Taxes (‘CBDT’) in accordance with the guidelines as may be prescribed.

2.12 MAT credit

Under Section 115JAA of the Act, tax credit is allowed in respect of MAT paid under Section 115JB of the Act for any AY commencing on April 1, 2006 and any subsequent AY.

The credit eligible for carry forward is the difference between MAT paid and the amount of tax payable computed as per the normal provisions of the Act.

The credit is available for set off only when tax becomes payable under the normal provisions of the Act. The brought forward tax credit can be utilized to the extent of difference between the tax payable under the normal provisions of the Act and tax payable under MAT for that year. Credit in respect of MAT paid is available for set-off up to 10 AYs immediately succeeding the AY for which the MAT credit initially arose.

2.13 Deduction for donations

The Company is entitled to a deduction under Section 80G of the Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that Section, subject to the fulfillment of conditions prescribed therein. Please note that no deduction shall be allowed under Section 80G of the Act for any sum exceeding Rs. 10,000 unless such sum is paid by any mode other than cash.

2.14 Benefit of double taxation avoidance agreement (DTAA)

Under the provisions of section 90 of the Act, the Company shall be eligible for claiming credit of taxes paid by it on incomes in the foreign countries with which the Government of India has entered into DTAA. The tax credit shall be available as per the provisions of relevant DTAA.

Section 91 of the Act provides for unilateral relief in respect of taxes paid on incomes in the foreign countries with which no DTAA exists. Under the provisions of said section, the Company shall be entitled to deduction from the income tax of sum calculated on such doubly taxed income at the Indian rate of tax or rate of tax in the foreign country whichever is lower.

3. Benefits available to resident shareholders under the Act

3.1. Dividend income

Under Section 10(34) of the Act, any income earned by way of dividends from the Company would be exempt from tax in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

However, as per the provisions of section 94(7) of the Act, losses arising from transfer/sale of shares, where such shares are purchased within three months prior to the 'record date' and sold within three months from the record date will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt. 'Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend

As per the provisions of section 14A of the Act, no deduction would be allowed in respect of expenditure incurred in relation to earning of dividend income which is exempt from tax.

3.2. Computation of capital gains

3.2.1. As per the provisions of section 2(42A) of the Act, the shares held in a company or any other security listed on a recognized stock exchange in India will be considered as short term capital asset if they are held for a period of 12 months of less immediately preceding date of their transfer. If the period of holding of shares is more than 12 months immediately preceding date of transfer, they will be treated as long term capital asset.

The capital gain/loss on sale of short term capital assets is regarded as short term capital loss. The capital gain/loss on sale of long term capital assets is regarded as long term capital loss.

3.2.2. According to Section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.

However, in case of a shareholder being a company, gains arising from transfer of above referred long-term capital asset shall be taken into account for computing the book profit for the purposes of computation of MAT under Section 115JB of the Act.

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

However, in respect of long-term capital gains, a deduction of indexed cost of acquisition/improvement is available.

Indexed cost of acquisition means the means an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index (CII) for the year in which the asset is transferred bears to the CII for the first year in which the asset was held by the taxpayer. In other words indexed cost of acquisition is computed as under:

Cost of acquisition X CII of the FY in which the asset is transferred/ CII of the FY in which the asset was first held by the tax payer.

3.2.4. As per the provisions of Section 112 of the Act, long-term capital gains (to the extent not exempt under Section 10(38) of the Act) would be subject to tax in the hands of the shareholders at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess).

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

3.2.5. As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess).

Short-term capital gains arising from transfer of shares of the Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

3.2.6. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company (other than those covered by section 10(38) of the Act) would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during the FY in which asset is transferred and in subsequent FY cannot exceed Rs.5,000,000.

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

3.2.7. As per the provisions of Section 54F of the Act, long term capital gains [which are not covered under Section 10(38)] arising from the transfer of any capital asset (not being residential house property) held by an Individual or Hindu Undivided Family ('HUF') will be exempt from tax, if net consideration is utilised, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years. The exemption is available subject to fulfillment of prescribed conditions.

3.2.8. Under section 70(2) of the Act, the short term capital loss can be set off against other short term capital gain or long term capital gain. Under section 70(3) of the Act, the long term capital loss can be set off against other long term capital gain.

3.2.9. Under section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (upto 8 years). Unabsorbed long term capital loss can be carried forward and set off against long term capital gains only in of subsequent years (upto 8 years). However, the unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under section 139(1) of the Act.

3.3. Deduction of STT while computing business income

As per Section 36(1)(xv) of the Act, the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains of business or profession'.

3.4. Income from other sources

As per the provisions of section 56(2)(vii) of the Act, where any property, other than immovable property (including shares) is received by an individual/ HUF: -

i) without consideration and the aggregate fair market value of such property exceeds Rs. 50,000, or

ii) for a consideration which is less than the aggregate fair market value of such property by at least Rs.50,000, then the difference between fair market value and consideration paid will be taxable as income from other sources.

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

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

1) From any relative;

2) On the occasion of marriage of the individual;

3) Under a will or by way of inheritance;

4) In contemplation of death of the payer or donor;

5) From any local authority as defined in Explanation to Section 10(20);

6) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or

7) From any trust or institution registered under Section 12AA.

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

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

Under Section 10(34) of the Act, any income earned by way of dividends from the Company would be exempt from tax in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

However, as per the provisions of section 94(7) of the Act, losses arising from transfer/sale of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt. 'Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend.

As per the provisions of section 14A of the Act, no deduction would be allowed in respect of expenditure incurred in relation to earning of dividend income which is exempt from tax.

4.2. Computation of capital gains

4.2.1. As per the provisions of section 2(42A) of the Act, the shares held in a company or any other security listed on a recognized stock exchange in India will be considered as short term capital asset if they are held for a period of 12 months of less immediately preceding date of their transfer. If the period of holding of shares is more than 12 months immediately preceding date of transfer, they will be treated as long term capital asset.

The capital gain/loss on sale of short term capital assets is regarded as short term capital loss. The capital gain/loss on sale of long term capital assets is regarded as long term capital loss.

4.2.2. According to Section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.

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

4.2.3. First proviso to section 48 of the Act contains special provisions relating to computation of capital gains, in the hands of non-residents arising from transfer of shares of an Indian company which were purchased in foreign currency.

In such a case, the capital gains are computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with transfer and the full value of consideration into the same foreign currency that was initially used to purchase of such shares. The capital gain so computed in the original foreign currency is reconverted into Indian Rupees at the prescribed exchange rate. The said manner of computing capital gains is used in respect of capital gains accruing or arising from every reinvestment thereafter in and sale of shares of an Indian company.

The non-resident shareholders are not entitled to indexation benefit (for a detailed discussion on indexation, refer para 2.4.3 above).

4.2.4. As per the provisions of Section 112 of the Act, long-term capital gains (to the extent not exempt under Section 10(38) of the Act) would be subject to tax in the hands of the shareholders at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess).

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

4.2.5. As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess).

Short-term capital gains arising from transfer of shares of the Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

4.2.6. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company (other than those covered by section 10(38) of the Act) would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during the FY in which asset is transferred and in subsequent FY cannot exceed Rs.5,000,000.

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

4.2.7. As per the provisions of Section 54F of the Act, long term capital gains [which are not covered under Section 10(38)] arising from the transfer of any capital asset (not being residential house property) held by an Individual or Hindu Undivided Family ('HUF') will be exempt from tax, if net consideration is utilised, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years. The exemption is available subject to fulfillment of prescribed conditions.

4.2.8. Under section 70(2) of the Act, the short term capital loss can be set off against other short term capital gain or long term capital gain. Under section 70(3) of the Act, the long term capital loss can be set off against other long term capital gain.

4.2.9. Under section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (upto 8 years). Unabsorbed long term capital loss can be carried forward and set off against long term capital gains only in of subsequent years (upto 8 years). However, the unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under section 139(1) of the Act.

4.3. Deduction of STT while computing business income

As per Section 36(1)(xv) of the Act, the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains of business or profession'.

4.4. Special benefit available to Non-resident Indian shareholders

4.4.1. In addition to some of the general benefits available to non-resident shareholders, where 'specified assets' (as defined in Section 115C (f) of the Act, which includes equity shares in the Company) have been subscribed or acquired or purchased by Non-Resident Indians, they have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the benefits mentioned below.

As per section 115C (e) of the Act, a 'non resident Indian'(NRI) has been defined to mean an individual being citizen of India or person of Indian origin who is not a resident.

4.4.2. As per the provisions of section 115E of the Act, investment income (income derived from specified assets other than dividends referred to in section 115O) or income from long- term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% in the hands of a NRI. Income by way of long term capital gains in respect of a specified asset, shall be chargeable to income tax at the rate of 10%. The rates would be increased by the applicable rate of surcharge education cess and secondary & higher education cess.

4.4.3. Under provisions of Section 115F of the Act, any long term capital gains arising from the transfer of shares of the Company acquired in convertible foreign exchange shall be exempt from tax if the whole or any part of the net consideration (consideration less expenditure incurred wholly and exclusively on transfer) is reinvested within six months of the date of the transfer in any 'specified assets' or savings certificates referred to in clause (4B) of section 10.

If only a part of the net consideration is reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax as "capital gains" subsequently, if the specified assets or savings certificate are transferred or converted into money within three years from the date of their acquisition. The taxability shall arise in the year in which the transfer or conversion, as the case may be, takes place.

4.4.4. As per the provisions of section 115D, no deduction is allowed for any expenditure or allowance under any provision of the Act in computing the investment income of the NRI. Further no deduction is allowed to NRI under chapter VIA against investment income or income by way of long term capital gains. The benefit of indexation is also not available.

4.4.5. As per the provisions of Section 115G of the Act, NRIs are not required to furnish a return of income under Section 139(1) of the Act, if:

- Their income chargeable under the Act consists of only investment income or long term capital gains arising from the transfer of specified asset or both and;
- Tax deductible at source has been deducted as per the provisions of Chapter XVII-B of the Act from the income.

4.4.6. As per the provision of Section 115H of the Act, where a person who is NRI in any FY, becomes assessable as resident in India in respect of total income of any subsequent year, the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any foreign exchange asset being an assets specified in sub clause (ii), (iii), (iv) or (v) of Section 115(C)(f) for that AY and for every subsequent AY until there is transfer or conversion into money of such asset. For this provision to apply, NRI is required to file a declaration along with his return of income for the AY in which he becomes assessable as resident in India.

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

4.5. Taxability as per DTAA

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

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

4.5.2. As per provisions of section 90(4) of the Act, a non-resident, shall not be entitled to claim any relief under DTAA, unless a certificate of his being a resident in any country outside India or specified territory outside India, as the case may be has been obtained by him from the government of that country or specified territory. In other words, the non-resident tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate from the government of their country of residence.

In addition, as per the provisions of section 90(5) of the Act, a non-resident shall also provide prescribed documents.

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

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

Under Section 10(34) of the Act, any income earned by way of dividends from the Company would be exempt from tax in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

However, as per the provisions of section 94(7) of the Act, losses arising from transfer/sale of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt. 'Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend.

As per the provisions of section 14A of the Act, no deduction would be allowed in respect of expenditure incurred in relation to earning of dividend income which is exempt from tax.

5.2. Taxability of capital gains

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

Nature of income	***Rate of tax (%)***
Long term capital gain [other than the short term capital gain covered by the provisions of section 10(38)]	10
Short term capital gain (other than the short term capital gain covered by the provisions of section 111A)	30

The above tax rates would be increased by the applicable rate of surcharge education cess and secondary & higher education cess.

The benefits of indexation and foreign currency fluctuation protection are not available to an FII.

The above mentioned capital gains are not subject to tax deduction at source as per the provisions of section 196D(2) of the Act.

5.2.2. According to Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess) in addition to the other requirements, as specified in the Section.

5.3. Capital gains- not subject to Income- tax

5.3.1. According to Section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.

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

5.3.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company (other than the long term capital gain covered by the provisions of section 10(38)) would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during the FY in which asset is transferred and in subsequent FY cannot exceed Rs.5,000,000.

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

5.3.3. Under section 70(2) of the Act, the short term capital loss can be set off against other short term capital gain or long term capital gain. Under section 70(3) of the Act, the long term capital loss can be set off against other long term capital gain.

5.3.4. Under section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (upto 8 years). Unabsorbed long term capital loss can be carried forward and set off against long term capital gains only in of subsequent years (upto 8 years). However, the unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under section 139(1) of the Act.

5.4. Income from Business Profits

As per Section 36(1)(xv) of the Act, the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains of business or profession'.

5.5. Taxability as per DTAA

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

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

5.5.2. As per provisions of section 90(4) of the Act, a non-resident, shall not be entitled to claim any relief under DTAA, unless a certificate of his being a resident in any country outside India or specified territory outside India, as the case may be has been obtained by him from the government of that country or specified territory. In other words, the non-resident tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate from the government of their country of residence.

In addition, as per the provisions of section 90(5) of the Act, a non-resident shall also provide prescribed documents.

5.6. Benefits available to Mutual Funds under the Act

As per the provisions of Section 10(23D) of the Act, any income of:

- A mutual fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under;
- Mutual Funds set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India

would be exempt from income-tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of Section 115R of the Act.

6. Benefits available to Venture Capital Companies/Funds

6.1. Under Section 10(23FB) of the Act, any income of Venture Capital Companies or Venture Capital Funds registered with the Securities and Exchange Board of India, from investment in a venture capital undertaking would be exempt from income tax, subject to conditions specified therein. 'Venture capital undertaking' means:

- A venture capital undertaking as defined in clause (n) of the regulation 2 of Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 or
- A venture capital undertaking as defined in clause (aa) of sub regulation (1) of regulation 2 of Alternate Investment Fund Regulations.

6.2. According to Section 115U of the Act, any income accruing or arising to or received by a person from his investment in venture capital companies/ funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the venture capital undertaking.

6.3. Further, as per Section 115U(5) of the Act, the income accruing or arising to or received by the Venture Capital Company/ Funds from investments made in a Venture Capital Undertaking if not paid or credited to a person (who has made investments in a Venture Capital Company/ Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

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

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

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

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. However as per the provisions of Section 56(2)(vii) of the Act, value of any property including shares and securities received without consideration or for inadequate consideration will be included in the total income of the recipient and be subject to tax, unless exempt(for detailed discussion, refer para 3.4 above).

9. Loss under the head 'Capital Gains'

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

Notes:

1) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;

2) The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current Tax Laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Tax Laws;

3) This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing Tax Laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

4) In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country/specified territory (outside India) in which the non-resident has fiscal domicile; and

5) The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

6) The tax rates (including rates for tax deduction at source) mentioned in this Statement are applicable for FY 2014-15 (AY 2015-16) and are exclusive of surcharge, education cess and higher education cess.

Surcharge @ 10% of income tax is applicable in case of individuals where total income under the Act exceeds Rs 1 crore.

Surcharge @ 5% is applicable in case of domestic companies where total income under the Act exceeds Rs 1 crore and is up to Rs. 10 crore. If the total income of the resident companies exceeds Rs. 10 crore, surcharge would be leviable @ 10%.

In case of foreign companies, surcharge @ 2% is applicable in case of where total income under the Act exceeds Rs 1 crore and is upto Rs. 10 crore. If the total income exceeds Rs. 10 crore, surcharge would be leviable @ 5%.

7) We have not considered the provisions of Direct Tax Code Bill 2010 for the purpose of this Statement.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

per **David Jones**
Partner
Membership No. 098113

Place: New Delhi
Date: September 22, 2014

SECTION IV- ABOUT US

INDUSTRY OVERVIEW

*The information in this section is derived from various publicly available sources, government publications and other industry sources, including the 'Report on Textile & Apparel Industry and Branded Apparel Segment' dated July 2, 2014 and the 'Supplemental Report on Textile & Apparel Industry and Branded Apparel Segment' dated September 23, 2014 (together, the "**Technopak Report, 2014**") that has been prepared by Technopak. The Technopak Report, 2014 is not a standard publication and has been prepared pursuant to an engagement letter dated April 9, 2014, issued by our Company. The information in this section has not been independently verified by us, the Book Running Lead Managers, or their respective legal, financial or other advisors, and no representation is made as to the accuracy of this information. 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 and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on this information.*

Overview of the Indian Economy

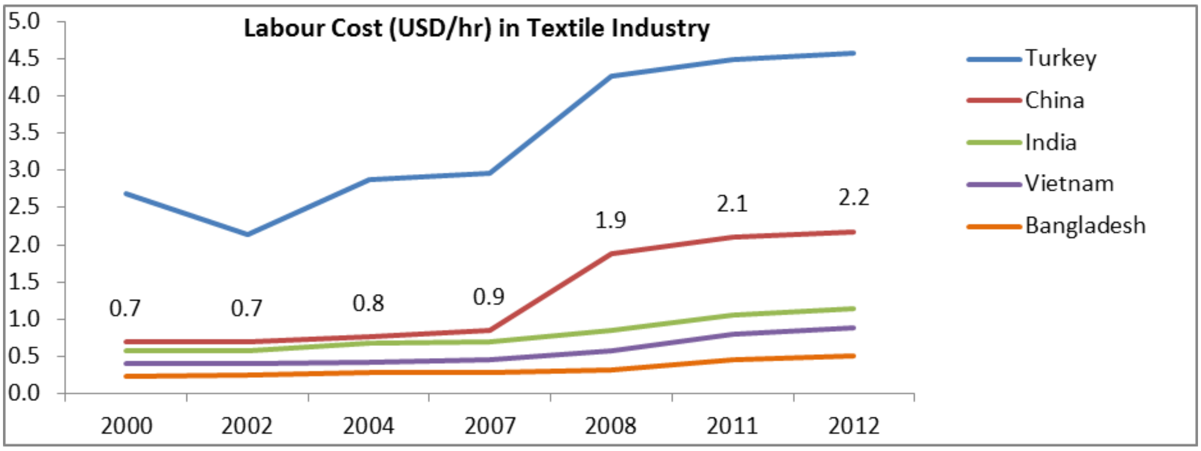
The Indian economy is ranked fourth in the world, on a purchasing power parity basis, after the United States, the European Union and China (*Source: https://www.cia.gov/library/publications/the-world-factbook/geos/in.html*). For the fiscal year 2015, the forecast for real GDP growth rate in India is estimated at 5.1% to 5.5% by the National Council of Applied Economic Research ("**NCAER**") in their 'Quarterly Review of the Economy' on April 30, 2014. (*Source: NCAER's Quarterly Review of the Indian Economy 2013-14 and Forecast for 2014-15*).

According to the *Technopak Report, 2014*, for almost two decades textile and apparel industry has been a major contributor to India's GDP and provides employment to over 45 million people (*Source: CII*). India's GDP in the year 2013 was estimated to be US$ 1.823 trillion and 5.2% of this came from the textile and apparel industry. The industry has also been crucial as far as industrial production and earning of foreign exchange through exports is concerned. Availability of abundant raw material such as cotton, silk, wool and jute and India's competitiveness in skilled labour have provided unique advantages to its textile and apparel industry. Textile and apparel domestic market has been bigger than export market and had reached US$ 59 billion in the fiscal year 2013 while export market is of US$ 36 billion. The apparel retail sector in India is highly fragmented and only 19% of sales in India is estimated to be from the organised sector. These numbers are in contrast with that of the United States and Europe where over 80% of the apparel sales are from organized fashion retailers.

Textile and Apparel Industry

Post the expiration of the Multi Fibre Agreement on January 1, 2005, the textile and apparel industry has witnessed a clear distinction between countries as production and consumption hubs. Developed countries like the USA, countries of the European Union and Japan have emerged as consuming countries while developing countries like India, China and Bangladesh are producing countries. Cheap labour is one of the most important factors driving the developing countries to gain production advantage. According to the *Technopak Report, 2014*, the expected slower annual GDP growth (CAGR 2013 to 2018 is 2.4%) in the advanced economies is directly impacting the consumption of textile and apparel, hence reducing its demand. On the other hand, the expected higher annual GDP growth (CAGR 2013 to 2018 is 5.4%) of the developing countries has led to an increase in purchasing power of consumers, favouring the growth in textile and apparel consumption in these countries.

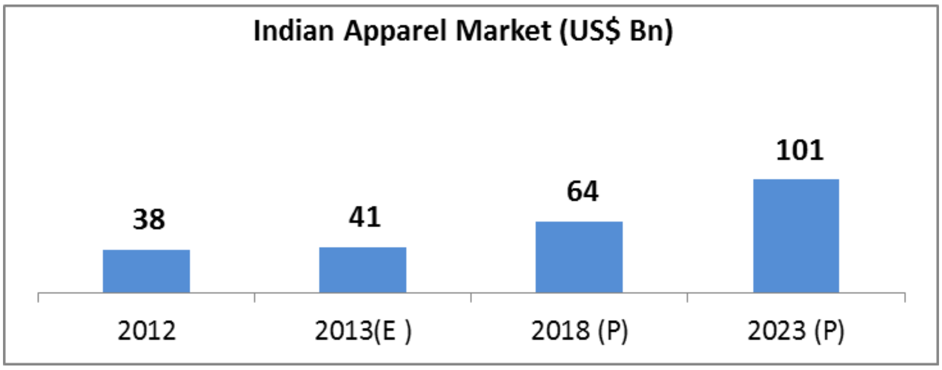
India is one of the largest exporters of textiles and apparel. India also has vertically integrated supply chain and is known for producing wide range of textiles and apparel products. In India's exports of textiles and apparel, 60% contribution comes from apparel, and 40% from textiles. (*Source: Technopak Report, 2014*)



(*Source: Werner International. Technopak Report, 2014*)

According to the *Technopak Report, 2014*, given the fragmented nature of apparel industry and presence of numerous unorganised players, production numbers as well as installed capacity for apparel industry in India is not available. Based on the information on domestic market size, imports and exports numbers for apparel, it is estimated that the total apparel production in India for the year 2013 will be in the range of 17 billion to 20 billion pieces.

According to the *Technopak Report, 2014*, India has been one of the key players in the textile and apparel industry. In 2013, the estimated textile and apparel industry of India was worth US$ 95 billion. This figure includes both exports as well as domestic consumption. India's textile and apparel industry together is expected to grow at a CAGR of 9% to reach a market size of US$ 226 billion by the end of 2023. India's apparel industry is also estimated to grow at a CAGR of 9% to reach a market size of US$ 101 billion by the end of 2023. (*Source: Technopak Report, 2014*)



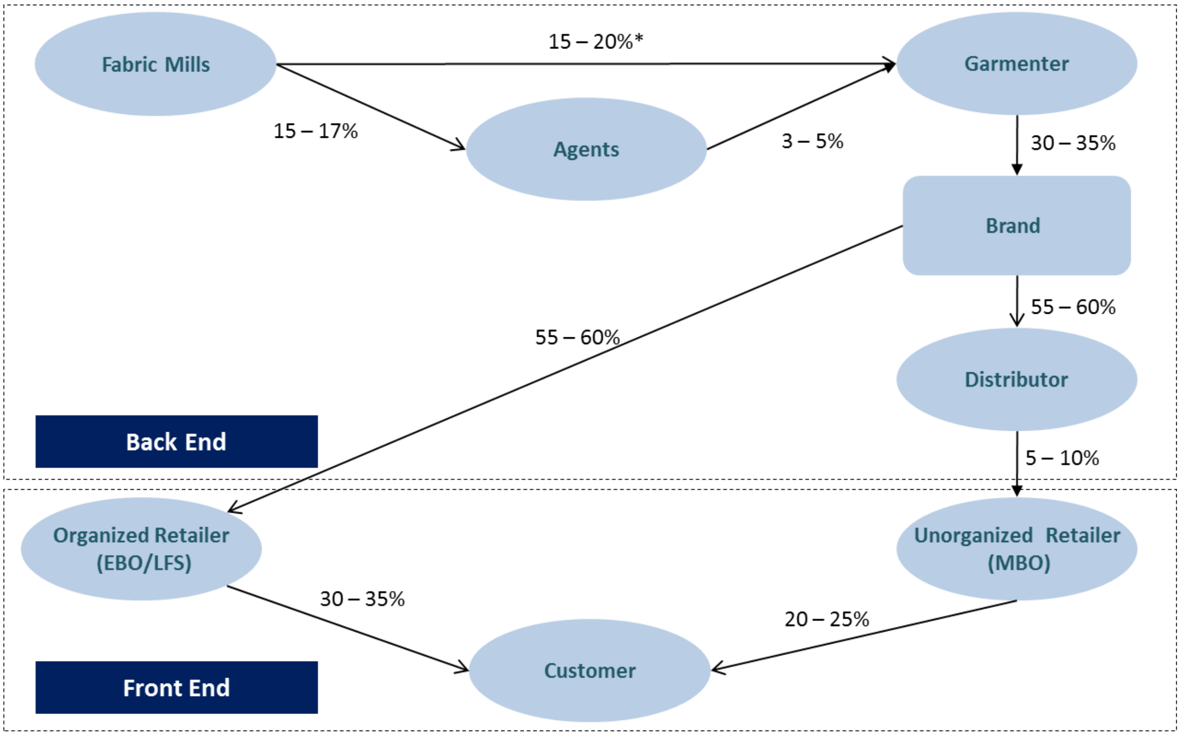
(*Source: Technopak Report, 2014*)

The size of Indian textile and apparel industry, including both domestic market and exports, was US$ 70 billion in the year 2009 and has grown at a CAGR of 8% in between 2009 to 2013. The export market is expected to grow from US$ 36 billion in the year 2013 to US$ 85 billion by the end of 2023. It is expected that the domestic market would also grow owing to increase in spending from middle class. Domestic textile (including home textiles and technical textiles) and apparel market would grow at CAGR of 9% from US$ 59 billion in 2013 to US$ 141 billion by 2023. (*Source: Technopak Report, 2014*)

Though organized retail contributed only 17% of the total apparel market in 2010, and is estimated to contribute 25% of the total apparel market by the year 2015, its share is poised to grow sharply over the coming years and contribute to approximately 40% share of the total apparel market by 2020. The increased presence of multiple retail formats across speciality retail formats, hypermarkets and cash and carry is expected to drive this growth. (*Source: Technopak Report, 2014*)

Indian apparel market being highly unorganised has independent retail stores as the major retailers. There are many region specific players, leading to a value chain that is filled with intermediaries like distributors, wholesellers, logistic players and agents who follow sequential and isolated plans for inventory. This becomes both expensive and time consuming. But it has been observed that organised retailing in India has been growing at a fast pace. Increasing number of international brands are establishing their presence in India. These brands have organized systems of working, extremely fast supply chain and product turnaround time. Hence, to be competitive, there is a need for the Indian brands and retailers to follow a value chain that is fast, organised and transparent with the ability to deliver right goods at the right time and place, in right quantity at the right operating cost. (*Source: Technopak Report, 2014*)

Typical Apparel Retail Supply Chain



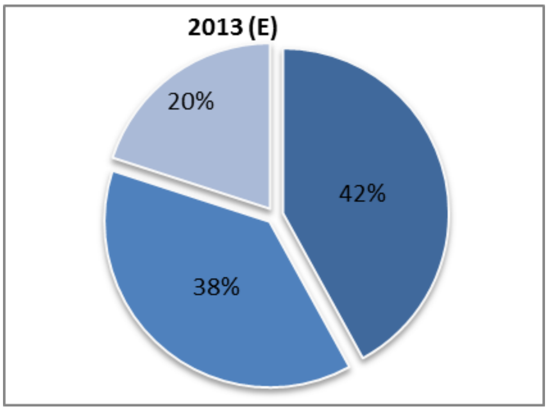
** - Represents Contribution Margin for the fabric manufacturer; Rest of the margins are the gross margin at each level*

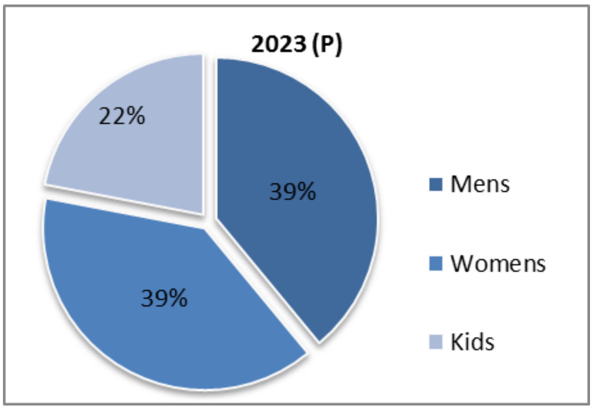
(*Source: Technopak Report, 2014*)

The need for today is an integrated supply chain with an established coordination with all its intermediaries, which can help the retailer by providing convenience in ordering and receiving of merchandise and conversion and reducing its inventory carrying cost by supplying merchandise just in time when needed. As the industry is highly fragmented it offers opportunities for merger, acquisitions and inorganic growth going forward. This has caused the apparel manufacturers to focus on providing end-to-end solutions besides just manufacturing for the brands/ retailers. Hence manufacturers are moving towards integrated set-ups by entering into strategic partnership (like mergers, acquisition and joint ventures) with yarn manufacturers, textile manufacturers and logistic providers, with an aim to provide responsive and efficient supply chain. (*Source: Technopak Report, 2014*)

The overall apparel market of India has been classified into three groups by the *Technopak Report, 2014*: men's-wear, women's-wear and kids apparel. Men's-wear segment contributes the highest to the apparel market with a share of 42%, followed by women's-wear at 38% and kids at 20%. It is expected that the CAGR of men's-wear will be around 9% while women's-wear will grow at a rate of 10% for the next 10 years. The kids apparel market is expected to demonstrate the highest growth with a CAGR of 10.50%. (*Source: Technopak Report, 2014*)

Market Share of Apparel Segments



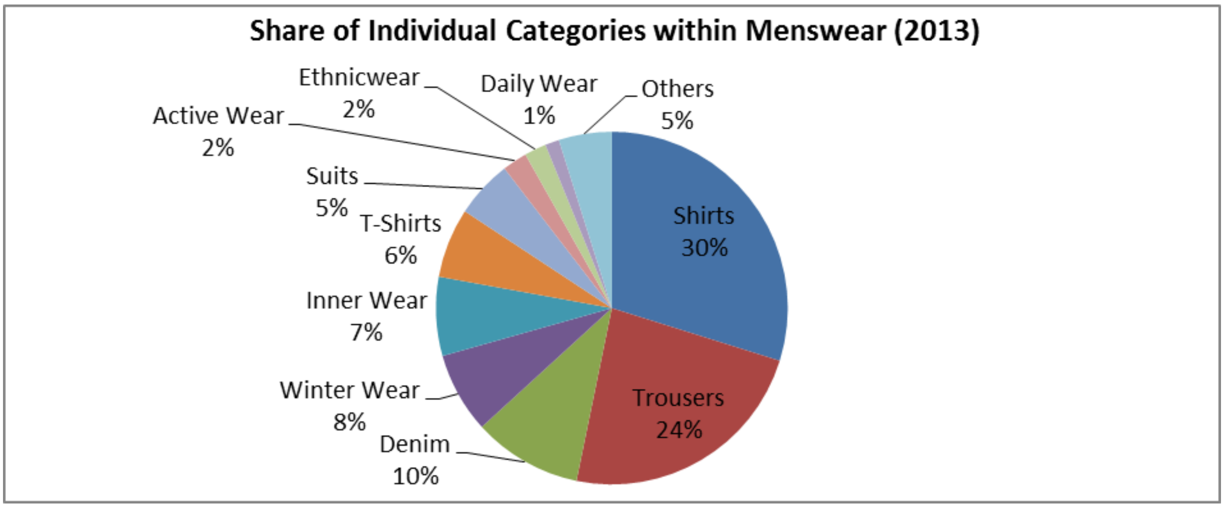


(*Source: Technopak Report, 2014*)

Men's Apparel Industry

Unlike the developed markets of the west, men's-wear is the predominant segment in India and is larger than the women's-wear segment. Men's-wear market in India is estimated to be US$ 17,271 million in 2013 and is expected to grow at a CAGR of 9% to reach US$ 39,575 million in 2023. The market remains dominated by the popular product categories such as shirts and trousers. However, western wear categories such as denim, active-wear and t-shirts are the fastest growing categories in this segment. (*Source: Technopak Report, 2014*)

At a global level, the men's wardrobe is shifting from traditionally formal towards casual and lifestyle apparel. With increased spending power and growing exposure to international fashion styles, the men's-wear wardrobe has expanded substantially and is tending to witness sharper segmenting to include sports/gym wear, occasion specific ethnic wear, casual wear, office wear, night wear and party wear. In the metros and mini-metros, demand for denim with better fit and finish along with international brands will drive the value growth of the market whereas higher exposure and acceptance of denim will drive volume growth primarily in semi-urban and rural areas. Men's denim market is expected to grow at 14% per year. The men's trousers market comprises both formal and casual trousers. Though the share of formal trousers is high, casual trousers market is expected to grow faster than the formal trousers. The male trousers market is no longer limited to the traditional colours of blue, black, grey and brown. The demand for lightweight casualwear trousers is also increasing. (*Source: Technopak Report, 2014*)



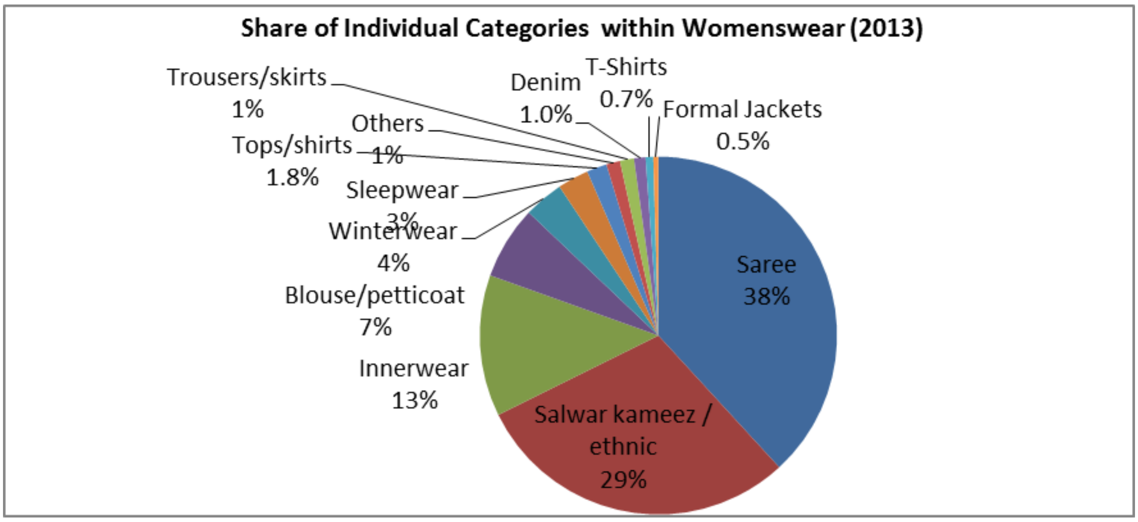
(*Source: Technopak Report, 2014*)

Women's Apparel Industry

The women's-wear market of India contributes 38% to the Indian apparel market, largely dominated by unorganized players. However, with increasing preference for branded apparel, regional brands and international brands have expanded their geographical presence. The women's-wear market is expected to grow from US$ 15,493 million in 2013 at a CAGR of 10% to reach US$ 38,915 million in 2023. The growth in the market captures two essential preference shifts. Firstly, shift from non-branded apparel to branded apparel and secondly, increasing share of western wear to ethnic wear categories. (*Source: Technopak Report, 2014*)

The increasing number of women within the workforce coupled with the keen desire to experiment has driven the growth of contemporary ethnic wear with trendy and fusion elements. An interesting phenomena, amongst women is that traditional ethnic wear tends to be limited to special occasions only. Further, growth of the salwar kameez market is largely driven by the increasing demand for kurtis that tend to be teamed typically with denims.

Women's denim market is also demonstrating an encouraging growth at a CAGR of 15%. Most of the denim brands traditionally catering to male consumers have realised the growth potential of women denim users in the country. The trend towards casualization combined with the growing preference of look and comfort among women drives the women denim market. Women's t-shirts and tops categories are also growing owing to increasing participation of women in workforce and a generic inclination towards western wear categories. The women's tops and shirts market is currently estimated at US$ 282 million and is expected to grow at a CAGR of 12% to US$ 876 million by 2023. The women's t-shirts market of US$ 107 million is witnessing growth in tandem with the growth of all other casualwear categories and is estimated to grow at a CAGR of 15% to reach US$ 436 million by 2023. (*Source: Technopak Report, 2014*)



(*Source: Technopak Report, 2014*)

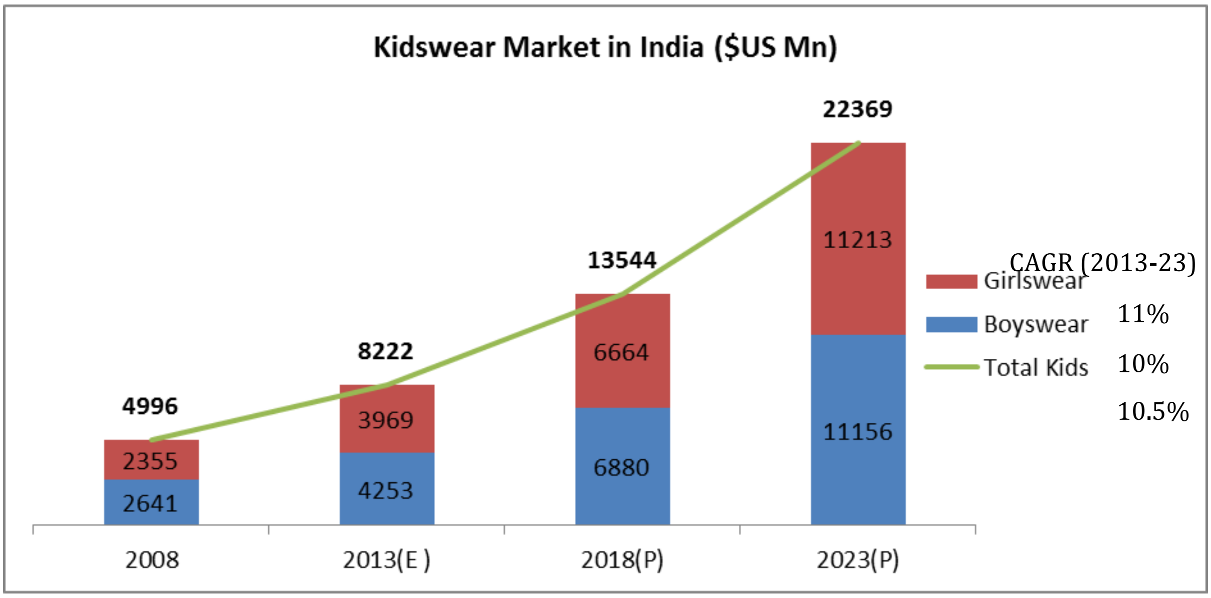
Kids Apparel Industry

The kids apparel market contributes 20% to the total fashion market and is the fastest growing segment in the Indian market. The US$ 8,222 million kids apparel market in India is expected to grow at a CAGR of 10.50% to reach US$ 22,369 million in 2023. Boys segment contributes 52% to the kids apparel market and the remaining by girls segment. (*Source: Technopak Report, 2014*)

The US$ 4,253 million boys' wear market in 2013 is poised to grow at a CAGR of 10% to reach US$ 11,156 million by 2023. The boys' wear segment is dominated by school uniforms with a market size of US$ 1,347 million and a projected CAGR of 10%. The next big categories within boys' wear are t-shirts, shirts and bottoms which constitute 46% of the boys' wear market. Within these categories, knits have a higher growth rate than woven apparel. Denim is the fastest growing category in boys' wear segment, with an expected CAGR of 15% the boy's denim market is expected to reach US$ 355 million by 2023 from its current value of US$ 91 million. Extension of denim brands to kids apparel and brand awareness of denim products is contributing to the growth of kids denim. Designer kids apparel is also emerging as a promising opportunity in the premium and luxury categories. The US$ 3,969 million girls' wear market is poised to grow at a CAGR of 11% to reach US$ 11,213 million by 2023. Like the boys' wear segment, girls' wear segment is also dominated by school uniform with a market size of US$ 1,198 million and a projected CAGR of 11%, a growth rate higher than growth rate of boys school uniform. The higher expected growth rate of girls' school uniform market is attributed to the increasing awareness of girls education in semi-urban and rural areas. (*Source: Technopak Report, 2014*)

The factors that drive the kids apparel market are increasing expenditure on kids and improved awareness of kids' brands. Additionally, due to increased media exposure, kids have also become more fashion conscious today and influence their parents to allow them to experiment with clothing. (*Source: Technopak Report, 2014*)

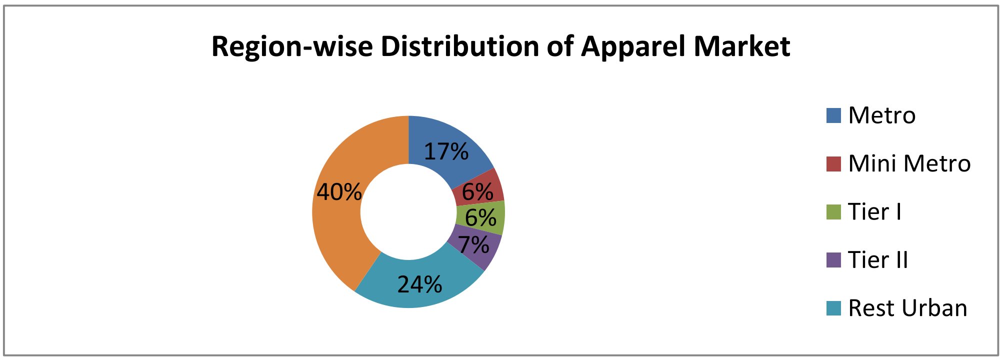
Branded kids' wear retail in itself is a high growth opportunity area as the market is dominated by local and unorganized players. The absence of a significant player in the mid-tier segment presents a huge prospect. There is still a substantial gap in the need for design and quality in kids apparel offering providing ample opportunities for organized players.



(*Source: Technopak Report, 2014*)

Region-wise Distribution of Apparel Market

Though the apparel market is spread across the country, there is a substantial difference in the characteristics of the market across different regions of the country. The demand pattern and price sensitivity of metros (Mumbai and Delhi/NCR) varies substantially from that of a smaller city and town. (*Source: Technopak Report, 2014*)



(*Source: Technopak Report, 2014*)

Analysis of value-wise distribution of the Indian apparel market reveals that the urban market has a share of 60% of the market compared to 40% of the rural market. Considering the fact that almost 70% of the Indian population resides in villages, the high market share of urban India indicates a high average number of units purchased by an urban consumer and the tendency for purchase of products with high value. The two metros of Mumbai and Delhi/NCR combined with the mini-metros that include cities like Bangalore, Chennai, and Kolkata are the biggest markets for apparel (though Kolkata is a metro in terms of population, it is grouped with mini-metros on the basis of its consumption patterns). These markets contribute ~23% to the Indian apparel market. A high number of employed youth in the metros drives the growth in value terms in the apparel market in India. Consequently, the youth consumer does not hesitate in paying a premium for apparel that brings out the best and reflects their socio-economic status. In the recent times the established players and brands have realised the growing need to shift their focus from metros to Tier-I and Tier II cities in order to tap the sprouting growth opportunities coming up these cities. It is expected that these cities will witness a surge in consumption of apparel in both value and volume terms. (*Source: Technopak Report, 2014*)

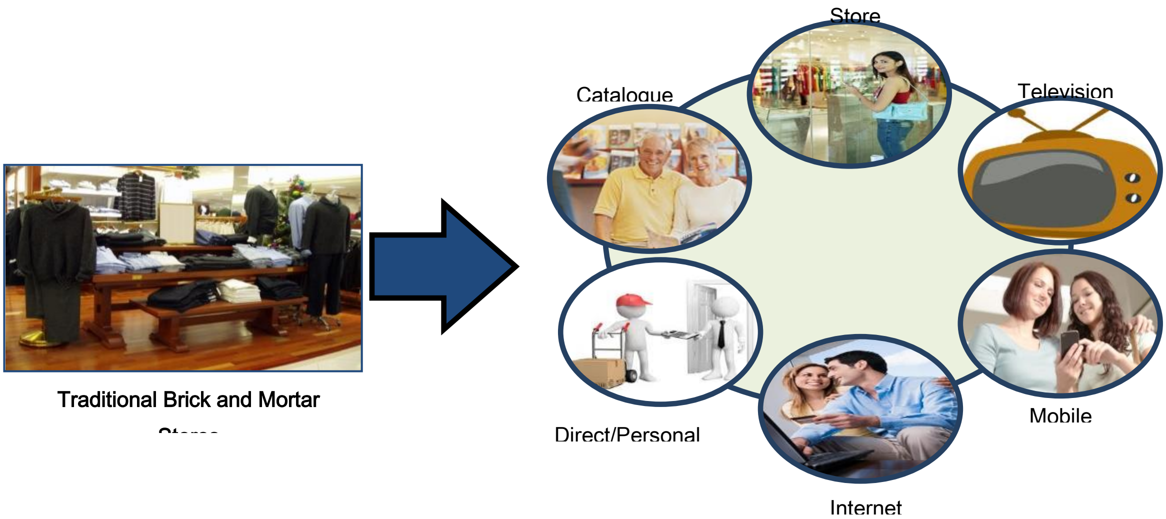
Set forth below is a classification of the Indian cities based on populations along with representative cities.

City Type	No of Cities	Grade	Population	Representative Cities
Metro	3	AAA	10 million +	Delhi NCR & Mumbai; Kolkata
Mini Metro	5	AA	5-10 million	Chennai, Bangalore, Hyderabad
Tier I	16	A	1- 5 million	Pune, Ahmedabad, Surat , Kanpur , Jaipur , Lucknow , Nagpur , Patna , Indore , Coimbatore , Vadodara , Ludhiana , Bhopal , Kochi , Visakhapatnam, Meerut, Allahabad, Madurai, Nashik etc.
Tier II	95	B	<1 million	Trivandrum, Guwahati, Jalandhar, Kozhikode, Aurangabad, Ranchi, Jamnagar, Jodhpur, Salem, Mysore, Gwalior, Bhiwandi, Solapur, Mangalore etc.
Tier III	470	C	<1 million	Shimoga, Karnal. Anand, Shimla, Sonipat, Janagarh, Tunkur, Mathura, Alwar, Tirupati, Bhagalpur, Muzaffarnagar, Bhilwara, Bhatinda, Parbandar, Mohali
Tier IV	195	D	<1 million	Tikamgarh, Krishnagiri, Bardoli,Buxar, Kalna,Jaora, Anjar, Borsad, Sitamarhi, Diphu, Balrampur, Mandi Dabwali, Gobardanga,Himatnagar, Bela Pratapgarh,Suri, Gopalganj etc.

Branded Apparel Industry in India (Non-Winter)

Organised retail has seen growth in the past few years in India. Apparel retailers are also following the trend. Emergence of exclusive brand outlets, multi brand outlets, departmental stores and cash and carry retail formats have made it convenient for the Indian consumers to explore the latest fashion trends and look fashionable. The increased penetration of the internet has also made online retailing one of fastest growing shopping medium. Retailers are opting for omni-channel retailing to attract and gain customers and be ahead of their competitors. Fashion and lifestyle segment has flooded the online retailing market and retailers are using various features like virtual trial rooms, shopping apps for mobiles, etc. to catch the attention of their target customers. This boom in organised retail is also seen in tier II and III cities as the level of disposable income has also increased in cities.

Evolution of Retail from Single Channel to Omni-channel



(*Source: Technopak Report, 2014*)

The Indian apparel retail market traditionally has been dominated by domestic players but changes in policies in past few years have paved a lucrative path for international brands and retailers to establish their footprint in India. In the coming five years, the share of international brands is likely to be 25% of the total organised apparel retail market. These brands have recognised the local potential for western wear and are ready to tap this, across segments, niche categories and formats. The seriousness of these brands is also reflected by their choice of India-entry strategy. Previously, cautious brands entered the Indian market through distribution, a trend that is now shifting to licensing and joint ventures. (*Source: Technopak Report, 2014*)

In the current inflationary scenario, the consumer spend on the discretionary basket is strained. The sheer increase in the options available to consumers across gadgets, entertainment options, travel, hobby classes, and fashion ensures that price has a crucial influence on the spend decision. However, consumers have now begun evaluating product value along various attributes apart from price, with equal importance given to all. Young adults across the metros as well as Tier I and Tier II cities are extremely discerning and seek value through such attributes as quality, pack size, and convenience, in addition to price. The youth are more aspirational and experimentalist, and evaluate value using enhanced parameters like fashion quotient, width of assortment, styling, fit, and convenience. As a result, the deeply penetrated brands in the masstige segment are leading the growth of the lifestyle and apparel market through the value of their offerings, in terms of price as well as additional attributes.

Indian Shirt Market

Various national as well as international shirt brands have expanded their retail presence across India. They straddle across various price points and vary in fashion quotient. Many shirts oriented brands have gradually moved to lifestyle brands by introducing casual wear clothing and accessories. They now have complete product offering including winter wear.

Indian Denim Market

While concentrating on denim as the core offering, most key brands across segments for both men and women provide a complete product range. Other apparel and accessories brands present themselves as lifestyle brands while extending the portfolio to denims. T-shirts, shirts, jackets, socks, dresses and undergarments also form part of the range within apparel.

Indian Casualwear Market

Lifestyle activities such as eating out, entertainment, travel etc. have contributed to the growth of casual wear / world wear apparel categories. Realizing the consumer’s need for comfort and value, various domestic and international brands have expanded their product proposition, specifically within this segment. Within the same segment there are various brands that straddle across price points. Casual wear primarily consists of most product categories such as:

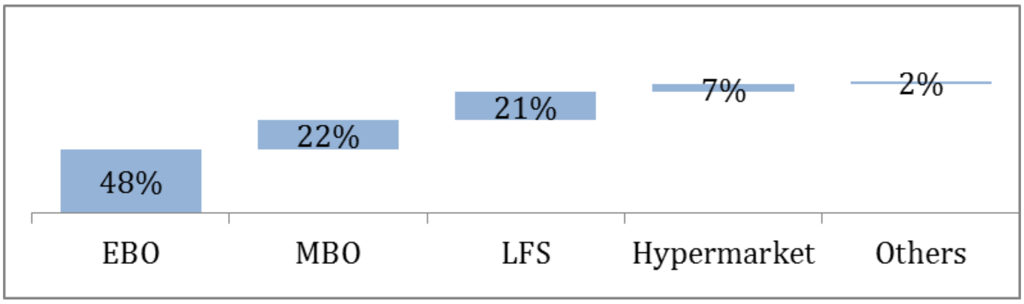
- T-shirts;
- Casual shirts;
- Shorts;
- Casual trousers;
- Dresses/ skirts/ tunics etc.

Branded Apparel Consumer Retail Segment

According to the *Technopak Report, 2014*, apparel retailing operates at operating profit margin of 25% – 35%. Apparel retailers also keep in mind the pricing followed by their competitors. Consumers opt for quality products but their purchases are also motivated by the price of the products, thereby strengthening the competition amongst retailers. Further, in order to maximise reach without bearing the cost of opening new stores, retailers look for alternative medium to sell their merchandise, keeping customers in mind. This has given a boom to online retailing where customers have an option to browse products at multiple websites and then place an order for it. Options like free home delivery, cash on delivery, convenient shopping using mobile apps and virtual trial rooms has made online retailing grow significantly as it saves time in the hectic life today.

However, exclusive brand outlets dominate the organized apparel market with 48% share followed by multi brand outlets having 22% share. Online channel of retail has the lowest share of 2%, representing the introduction stage in the life cycle. However, the ease and flexibility of shopping along with increasing time constraints are expected to lead to a significant growth in this retail segment. (*Source: Technopak Report, 2014*)

Share of organized retail by formats



(*Source: Technopak Report, 2014*)

Woollen Apparel Industry in India

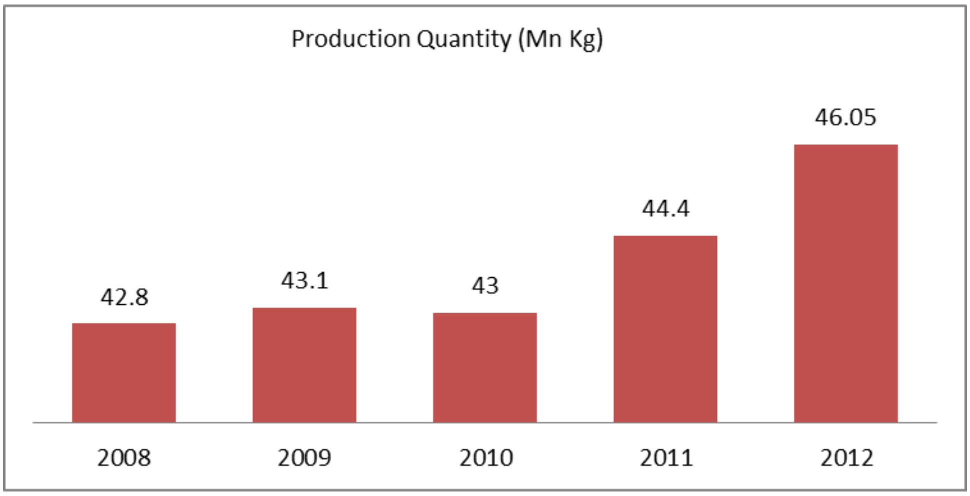
The current size of India's winter wear market is approximately US$ 2,341 million and is growing at CAGR of 9%. Between men, women and kids segment, men contribute as high as 51% of the entire segment. Most segments in winter wear, such as shawls, men's suits, jackets, blazers and sweaters are registering a double digit growth. Hence, winter wear is seen as a lucrative business proposition, despite facing various issues like infrastructure and labor costs to name a few. Aspects such as investment in new technologies and keeping updated with international trends have further helped in boosting the industry. (*Source: Technopak Report, 2014*)

In India, the winter wear market is clearly segmented between branded and unbranded players. The ratio is 70:30 with 70 per cent players being from the unbranded sector. The established domestic brands are trying to capture market share by innovating and introducing new lines every season. Innovative pricing and discount sales are helping them increase foot falls to their exclusive brand outlets. Most lifestyle apparel brands have exclusive range of winter wear for the specific months, but there are not many exclusive players in this segment. (*Source: Technopak Report, 2014*)

Wool and woolen industry comprises of organized and decentralized sectors. The organized sector consists of composite mills, combing units, worsted and non-worsted spinning units, knitwear and woven garments units and machine-made carpet manufacturing units. Whereas the decentralized sector consists of hosiery and knitting units, powerloom units, hand-made carpet, druggets and namadahs units and independent dyeing and process houses. The share of branded wool industry is about 12% of the total industry. (*Source: Technopak Report, 2014*)

Production of Wool and Woollen Items

The domestic raw wool production is 46.05 million kg out of which only 5% is optimum for manufacturing apparels as it is of fine quality and the rest of the wool being of coarse quality is consumed by the carpet and blanket manufacturing units, thereby creating a need for the import of fine quality wool. (*Source: Technopak Report, 2014*)



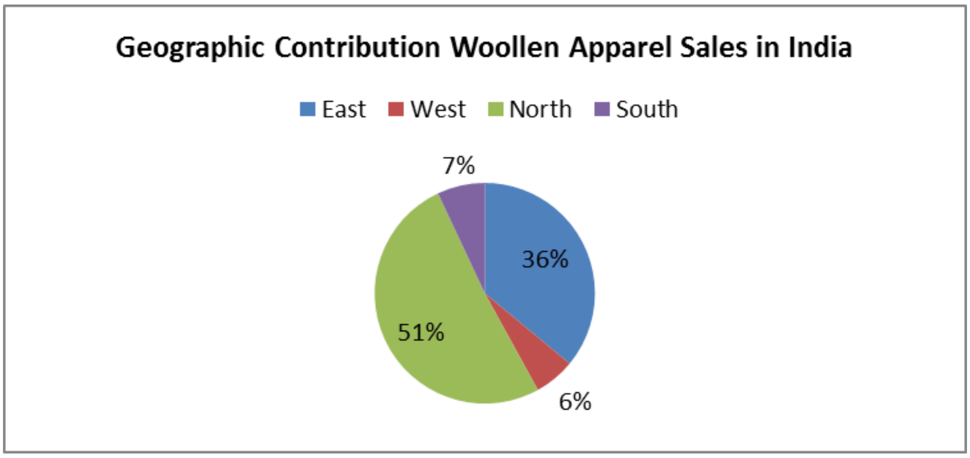
Production of woollen items such of worsted yarn, woollen yarn, wool tops and fabrics (woollen/ worsted) show a marginal growth from 2009 to 2013 whereas the production of knitted goods have stagnated.

Category	Unit	2009	2010	2011	2012	2013
Worsted Yarn	Mn kg	61.0	62.0	63.0	64.0	65.1
Woollen yarn	Mn kg	30.0	30.5	31.0	31.5	32.0
Wool tops	Mn kg	38.0	38.5	39.0	39.5	40.0
Fabrics (woollen/ worsted)	Mn mtrs	87.0	88.0	89.0	90.0	91.0
Knitted goods	Mn kg	10.0	10.0	10.0	10.0	10.0
Shoddy Yarn	Mn kg	42.0	43.0	44.0	45.0	46.1
Blankets	Mn pcs	20.0	22.0	25.0	28.0	31.3
Shoddy fabrics	Mn mtrs	31.0	32.0	34.0	35.6	37.3
Hand-made carpets	Mn sq. mtr.	10.0	10.0	10.0	10.0	10.0
Machine made carpets	Mn sq. mtr.	0.4	0.5	0.5	0.6	0.6

According to the *Technopak Report, 2014*, given the fragmented nature of woollen garment industry and presence of numerous unorganised and small manufacturers, production numbers as well as installed capacity for woollen apparel industry is not available.

Geographic Contribution of Woollen Apparel Sales across India

In India, due to the wide geographical and seasonal variations, the consumption supply chain is unique. The northern region experiences approximately four months of intense winters, from November until February. In comparison southern and western India generally face warm and/or extremely hot weather, with no winters at all. Winter wear is thus restricted to certain zones. The northern and eastern markets are the most important for this category. Gradually, the segment is finding space in the metros, mini metros, and Tier I cities in other regions as well. Thus, it is of utmost importance in a heterogeneous market like India to have a region-specific range. This does indirectly lead to multiplicity of stock keeping units (SKUs). However, in order to leverage strength from this segment, brands position themselves differently across different regions. Most brands manufacture a complete winter range, but sell only limited styles in southern and western India due to lower demand for this category. For the northern region, brands use warmer and heavyweight fabrics for sweaters, jackets, and other winter apparel, such as felt, suede, pure wool, blends, corduroy, twills, etc. Whereas for the southern region, the winter range would mostly comprise lightweight open jackets, windcheaters and open cardigans. Though the segment has shown promising growth and elicited enthusiasm from brands and retailers, there is still an arduous task ahead for merchandisers and product developers. (*Source: Technopak Report, 2014*)



(*Source: Technopak Report, 2014*)

Woollen Market Segments

In terms of value, the men's segment is the highest contributor with a market share of 51%. Today, this men's segment stands at US$ 1,276 million and is growing at a CAGR of 8%. (*Source: Technopak Report, 2014*)

Some menswear product categories like jackets, woolen trousers, and suits were typically bought in the winter months of October to January. The situation has now changed, with jackets, one of the most prominent winter wear product categories, now being bought throughout the year. The period of sales for jackets, windcheaters, and lightweight sweaters is thus no longer restricted to three-to-four months in a year. These products are being increasingly used for formal dressing as well as for complementing a fashionable look. Brands and manufacturers are leveraging this trend by supplying outerwear categories, and sweaters, in fabrics that can be worn across seasons and regions. This has fuelled the robust growth of men's winter wear. Further, as most festivals and weddings are concentrated in the last quarter of the year, gifting becomes an integral part of the season. Men's shawls and woolen/wool-blended suit lengths are extremely popular during this season. Men's winter clothing usually comprises high ticket products, with approximately four months of winter revenues comparable to eight months of summer business. Thus, both branded and unbranded players try to leverage these four months maximally.

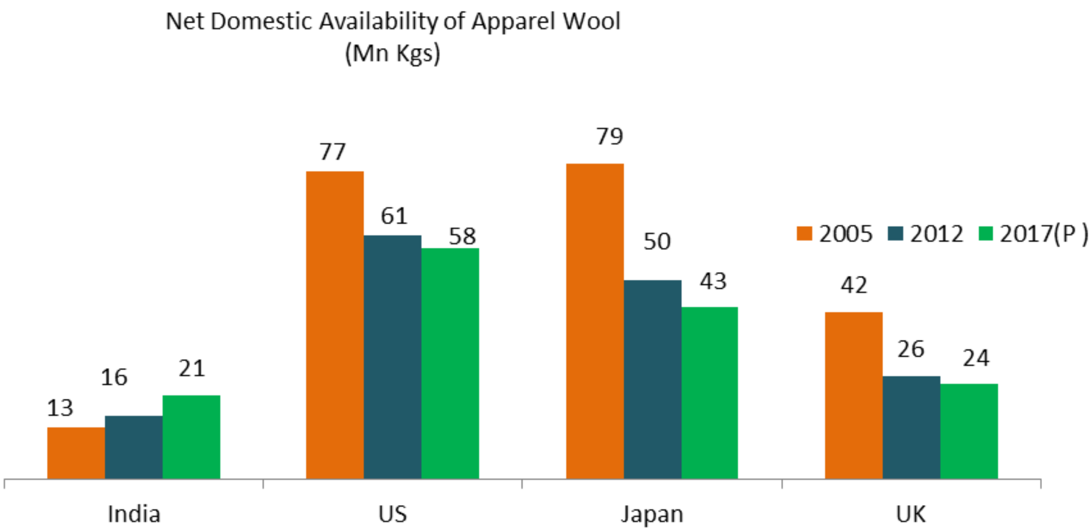
Women's winter wear, has also been on a growth trajectory. Women's winter wear is presently estimated to be worth US$ 556.4 million. Like men's winter wear products, some women's winter wear products are also now retailed almost throughout the year. Until the last decade, shawls were sold in premium wool. Brands and manufacturers have now started blending wool with such other raw materials as viscose, acrylic, and polyester to control the cost of shawls. This has resulted in only minor increases in shawl prices, thus maintaining the demand. Further, by launching shawls in woolen blends and not pure wool, brands have created a demand for them across seasons and regions, as opposed to just winters or only in northern India. (*Source: Technopak Report, 2014*)

Further, like all other women's wear segments, the product attributes and styling within this category are also influenced by global trends. New product segments like knee-length woolen tunics and felt coats and woolen fashion accessories like scarves, gloves, and leggings have made their presence felt, especially in the urban regions of northern India. Knee-length woolen tunics, felt coats, colorful scarves, and woolen leggings have thus replaced heavyweight denims, corduroys, sweatshirts, and short cardigans. The traditionally winter wear-focused domestic brands now need to concentrate on and expand their product portfolio in order to remain competitive in a fast-changing market. Apart from winter apparel, even accessories and footwear have found a niche.

Alongside the growth of men's and women's winter wear, the kids apparel segment in the same category has also burgeoned, and is in fact the fastest growing segment, at a CAGR of 14%. (*Source: Technopak Report, 2014*)

Growth Projection of Woollen Apparel Industry of India

According to the *Technopak Report,* woollen apparel industry in India is expected to witness high growth trajectory in the short to medium term. Increasing discretionary income of Indian consumers, favourable demographics with a large chunk of aspirational young population and increasing exposure to fashion trends will contribute to the growth of branded woollen apparel segment in India. As per the latest data available, it is estimated that the per capita apparel consumption of apparel grade wool in India will grow at a CAGR of 5.6% from 2012 to 2017. This growth of consumption of woollen apparel in India will be much higher than of the developed markets of USA, EU 27 and Japan which have started witnessing a decrease in per capital consumption of apparel grade wool. Due to the increase in per capita consumption of apparel grade wool, the CAGR for volume and value growth of woollen apparel market in India for the period 2012 to 2017 is expected to be 7% and 12% respectively.

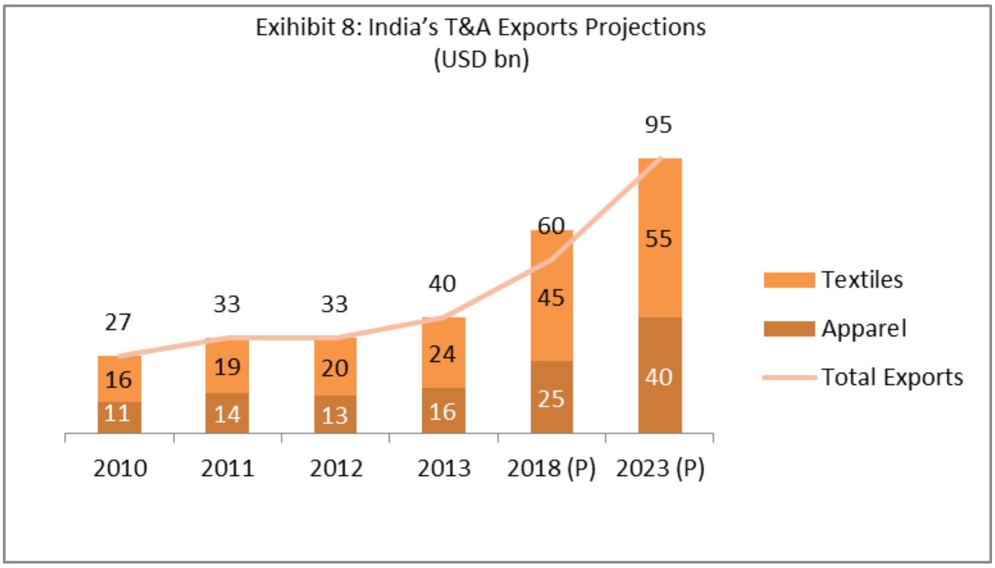


Woollen apparel market has traditionally been unbranded and fragmented. However, due to increasing brand and fashion consciousness of consumers, branded woollen apparel market is expected to witness much higher growth than the unbranded segment. (*Source: Technopak Report, 2014*)

Future Prospects on Exports

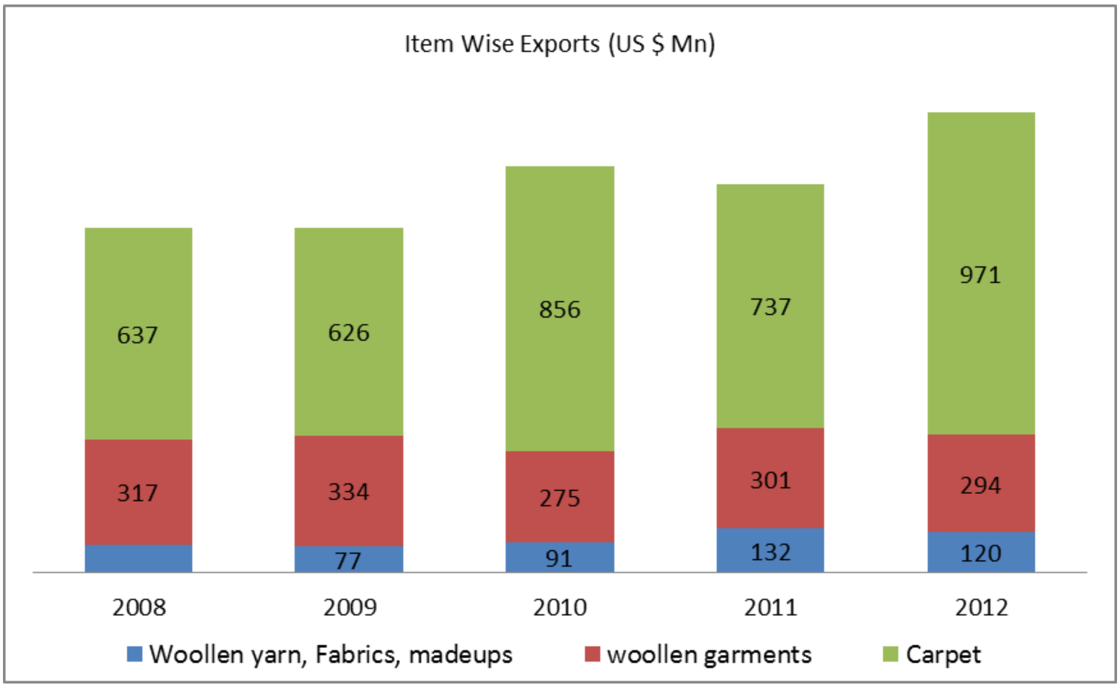
Past Performance and Future Prospects of Textiles and Apparel Exports

It is expected that the textiles and apparel exports from India will grow at a CAGR of 9% over the next decade. The rate of growth of apparel exports will continue to be higher (10%) than that of textiles (8%). India is expected to remain as a strong player among exporting countries owing to an abundant supply of cotton and other natural fibres, presence of entrepreneurial talent, availability of manpower and supportive government policy for exports. (*Source: Technopak Report, 2014*)



Past Performance and Future Prospects of Exports of Wool Products

The value for export of woollen items in 2012-13 was $US 1,385 million in which about 70% is contributed by carpet. The export of woollen garment has decreased at a CAGR of -1.85% from 2008-09 to 12-13 and it was worth $US 294 million in the year 2012-13. The export value of woollen yarn, fabrics and made-ups had shown a growth in export till 2011-12 but there is a decrease in the export value for 2012-13 which is $US 120 million. (*Source: Technopak Report, 2014*)



Further, it is expected that exports of woollen carpets will grow at the CAGR of 12% to reach US $ 1,920 million in 2018-19. The corresponding CAGR for exports of woollen apparel will be around 3% and that of woollen yarn, fabrics and made-ups shall be 10%.

Projected Growth of Exports Item-wise Exports of Woollen Products

Item	Exports Value 2012-13, Mn USD	Projected Exports Value, 2018-19, Mn USD	CAGR (2012-18)

Carpets	971	1920	12%
Woollen apparel	294	350	3%
Woollen yarns, fabrics and made-ups	120	210	10%
	1,385	**2,480**	**10%**

Source: Technopak Analysis

Key Growth Drivers in Branded Apparel Industry

Growing Spending Capacity – One of the key factors driving the growth of the apparel market in India is the rising annual disposable income. India's per capita annual disposable income has been growing at an annual rate of 12% since 2006 - 2007. It is expected to keep growing at similar rates in the next few years as well. The rising income levels, in conjunction with the population increase, are expected to result in an overall spurt in consumer spending. (*Source: Technopak Report, 2014*)

Increasing Urbanization – In the last 50 years, while the population of India has grown two and half times, the urban Indian population has grown by nearly five times. By 2017, nearly 35% of the Indian population is expected to be living in urban centres. This higher urbanization will drive discretionary spending by consumers, even in the apparel category. While the spending class in the metros and mini metros continues to boom, the growth witnessed in the Tier I and Tier II cities will lead to an increase in the number of units purchased. (*Source: Technopak Report, 2014*)

Rising Middle Class – The aspirations of the middle class are multiplying and, consequently, they are ever more willing to spend their disposable incomes on lifestyle products. India had 35 million middle class households in 2012. By 2017, the country will boast of 58 million middle class households, a number larger than the population of several developed nations. (*Source: Technopak Report, 2014*)

Increasing Women Workforce – India's demographic and psychographics have been rapidly changing in the last decade. The society has gone through a dynamic change for the empowerment of all, especially women. This has enabled many women to step out of the household and pursue their dreams. Women today have become more financially independent. This has led to growth in the women's apparel market. The increasing population of working women has also attracted many brands and retailers to tap this opportunity. (*Source: Technopak Report, 2014*)

Diverse Sales Network – The sales network of the branded apparel industry is being driven through multiple channels including exclusive brands outlets, multi-brand outlets, large format stores, hyper markets and now through online shopping. Digital shopping formats have emerged primarily in response to the growing real estate and scalability challenges that hinder the tapping of demand from small cities. The large number of Internet users in the age group of 15-34 years (approximately 75% of all users), with 65% of them residing outside of the top 8 cities is another impetus for digital retailing. Recognizing this to be a potentially rewarding opportunity, a large number of lifestyle-focused players are venturing into the online shopping space. (*Source: Technopak Report, 2014*)

OUR BUSINESS

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Red Herring Prospectus, including the information contained in "**Risk Factors**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Statements**" on page 11, 208 and 166, respectively. The financial figures used in this section, unless otherwise stated, have been derived from our Company's restated audited financial statements. Further, all references to 'Monte Carlo Fashions Limited', 'the Company', 'our Company' and 'the Issuer' and the terms 'we', 'us' and 'our', are to Monte Carlo Fashions Limited and includes as of and for the periods prior to April 1, 2011, to knitted and woven apparel business under the 'Monte Carlo' brand, while it was a part of Oswal Woollen Mills Limited, one of our Group Companies.*

OVERVIEW

Launched in 1984 as an exclusive woollen brand by Oswal Woollen Mills Limited ("**OWML**"), one of our Group Companies, we are one of the leading Indian apparel brands based on revenue *(Source: Technopak Report, 2014).* '*Monte Carlo*' has been recognized as a 'Superbrand' for woollen knitted apparel in each edition of Consumer Superbrands India since its first edition in September 2004. We primarily cater to the premium and mid-premium branded apparel segment for men, women and kids, offering a comprehensive line of woollen, cotton and cotton-blended knitted and woven apparel and home furnishings through our '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including a network of national chain stores under the '*Monte Carlo*' brand.

According to the *Technopak Report, 2014*, the Indian branded apparel industry was estimated to be approximately US$ 13,131 million in 2015 and is projected to grow to US$ 34,182 million by fiscal 2020 driven by the increase in per capita income and the increased penetration of organized retail across India. For details of the past trends and future prospects regarding exports in the apparel industry, see "***Industry Overview***" on page 91. Additionally, according to the *Technopak Report, 2014*, the current size of India's winter wear market is approximately US$ 2,341 million and is growing at CAGR of 9%, and the CAGR for volume and value growth of woollen apparel market in India for the period 2012 to 2017 is expected to be 7% and 12%, respectively. We seek to capitalize on the growth opportunities in the branded apparel industry based on our well positioned brand '*Monte Carlo*'. Our heritage of combining quality and style under the '*Monte Carlo*' brand distinctly positions us to address the needs of consumers for premium and mid-premium winter-wear in the northern and eastern regions of India as well as a growing class of consumers who desire everyday formal and casual wear that is consistent with their urban lifestyles across India. We also continue to broaden our product range including premium and economy cotton knitted and woven apparel products to appeal to a diversified customer base across India.

We distribute our portfolio of products through '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including a network of national chain stores that we believe merchandise our products in an environment that reinforces and establishes our brand in the premium and mid-premium segment and that provides a superior and distinctive in-store experience. We believe that this strategy has enabled us to develop a strong brand loyalty of our '*Monte Carlo*' brand. As on June 30, 2014 there were 196 '*Monte Carlo Exclusive Brand Outlets*' in India, two '*Monte Carlo Exclusive Brand Outlets*' in Dubai and one '*Monte Carlo Exclusive Brand Outlets*' in Kathmandu, Nepal. Out of the 196 '*Monte Carlo Exclusive Brand Outlets*' in India, 18 are owned and operated by our Company and the rest are operated by different franchisees. Most of our '*Monte Carlo Exclusive Brand Outlets*' are located in high street locations, lifestyle centers and malls that position us as a premium and mid-premium segment brand in the branded apparel industry. We utilize the services of our exclusive commissioned agents who facilitate compilation of orders from various MBOs and collection of payment, and also act as the interface between the Company and the MBOs. As on June 30, 2014, we had supplied our products to over 1,300 MBOs through our commissioned agents. We have also entered into distribution agreements with some of the leading Indian digital commerce platforms.

We operate two manufacturing facilities in Ludhiana, Punjab, one for our woollen apparel products and one for our cotton apparel products. The manufacturing facilities include facilities for product development, a design studio and sampling infrastructure. Almost all our woollen knitted products are manufactured in-house at our manufacturing facility. We have also recently commenced in-house manufacturing of some of our cotton t-shirts and thermals in April 2014. For the remaining cotton and cotton-blended products, we follow an asset-light model by outsourcing the production to a network of third-party manufacturers, also known as job work entities.

The '*Monte Carlo*' brand was launched by OWML, which was engaged in spinning of woollen, cotton and other blended yarns, weaving denim fabric and manufacture of apparel. With effect from April 1, 2011, the woollen and cotton apparel business of OWML under the brand '*Monte Carlo*' was demerged into our Company. For further details of the demerger and associated agreements between our Company and OWML, see "***History and Certain Corporate Matters***" on page 125. We are led by our Promoter, Mr. Jawahar Lal Oswal who has over 50 years experience in the textile and apparel industry. He has been awarded the 'Punjab Ratan' at the Punjab State Intellectual's Conference in 2003 by the All India Conference of Intellectuals, the 'Udyog Ratna Award' by the PHD Chamber of Commerce and Industry in 2005 and the 'LMA-Sat Paul Mittal Life Time Achievement Award' by the Ludhiana Management Association in 2012. Further, in June 2012, Samara Capital, a Mauritius based India focused private equity firm, through its affiliate, KIL, acquired a stake in our Company and currently holds 18.51% of the pre-Offer capital of our Company. For further details, see "***Capital Structure***" and "***History and Certain Corporate Matters***" on pages 59 and 125, respectively.

In the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, we generated total revenue of ₹ 792.32 million, ₹ 5,188.92 million, ₹ 4,164.59 million and ₹ 3,753.84 million, respectively, and net profit after tax of ₹ 85.18 million, ₹ 553.02 million, ₹ 489.04 million and ₹ 494.53 million, respectively. We have been able to increase our total revenue from fiscal 2012 to fiscal 2014 at a compound annual growth rate of 17.57% and our profit after tax has increased at a compound annual growth rate of 5.75% over the same period.

COMPETITIVE STRENGTHS

Established leading all-season Indian apparel brand

'*Monte Carlo*' is the flagship brand of our Company with a portfolio of woollen apparel and cotton and cotton-blended apparel. As per the *Technopak Report, 2014*, we are the leading woollen knitted apparel brand in India in the premium and mid-premium segment. We are also one of the leading retailers of branded apparel in India in terms of revenue, according to the *Technopak Report, 2014*. We believe that the strength and authenticity of our brand is a competitive advantage and an integral part of our success. We believe customers associate the '*Monte Carlo*' brand with high quality premium and mid-premium apparel that incorporates quality materials, modern fashion and comfort. We have introduced different ranges for different segments in the apparel industry under the umbrella '*Monte Carlo*' brand. For example, '*Platine*' is our premium range for men, '*Denim*' is our exclusive range for denim apparel, '*Alpha*' is our exclusive range for women and '*Tweens*' is our exclusive range for kids. Our brand image is enhanced by our integrated marketing, customer relations campaigns and our retail and merchandising strategies which enable us to identify and differentiate our '*Monte Carlo*' brand. '*Monte Carlo*' has been recognized as a 'Superbrand' for woollen knitted apparel in each edition of Consumer Superbrands India since its first edition in September 2004.

Nationwide sales and distribution network

We distribute our apparel products through our '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including a network of national chain stores. As of June 30, 2014, our Company retailed its products through more than 1,300 outlets on a pan India basis. Out of the 196 '*Monte Carlo Exclusive Brand Outlets*' in India as of June 30, 2014, 18 are owned and operated by our Company and the rest are operated by different franchisees. We have 79'*Monte Carlo Exclusive Brand Outlets*' in the northern region of India, 48 '*Monte Carlo Exclusive Brand Outlets*' in the eastern region, 56 '*Monte Carlo Exclusive Brand Outlets*' in the central region, 9 '*Monte Carlo Exclusive Brand Outlets*' in the western region and 4 '*Monte Carlo Exclusive Brand Outlets*' in the southern region of India.

While we directly distribute our products to the '*Monte Carlo Exclusive Brand Outlets*', distribution of our products to the MBOs are facilitated by our commissioned agents who procure orders from the MBOs and act as an interface between us and the MBOs (other than for our thermal-wear products and products under the range '*Cloak & Decker*' which we sell directly to the distributors). As on June 30, 2014, we had 21 commissioned agents who worked as an interface with the MBOs and we had 21 distributors through whom we sold our thermal-wear and products under the range '*Cloak & Decker*'. Our total revenue through the '*Monte Carlo Exclusive Brand Outlets*' and through the MBOs for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012 were approximately 25.84%, 31.29%, 35.21% and 33.28%; and 54.10%, 58.33%, 56.82% and 56.69%, respectively, of our total revenue from operations (gross). We also exercise control over our distribution channels by, for example, selecting and leasing the locations to be used for our franchised '*Monte Carlo Exclusive Brand Outlets*', defining layouts, fit-outs and fixtures to be adopted at all of the '*Monte Carlo Exclusive Brand Outlets*' and providing our dealers, distributors and franchisees with marketing, training and supervisory support. In addition, we have also entered into distribution agreements with some of the leading Indian digital commerce platforms for sale of our products online.

Our association with OWML and other Group Companies provides us with stable and reliable sourcing of raw materials and manufacturing capabilities

The '*Monte Carlo*' brand was launched by OWML, one of our Group Companies, which has been engaged in spinning of woollen and cotton yarn, weaving denim fabric and manufacture of apparel. With effect from April 1, 2011, the apparel business of OWML under the brand '*Monte Carlo*' were demerged into our Company in order to increase management focus on the branded apparel business. For further details of the demerger and associated agreements between our Company and OWML, see "***History and Certain Corporate Matters***" on page 125. Further, we believe we benefit significantly in sourcing of raw materials in terms of woollen yarn as well as in inventory management due to our association with OWML which supplied approximately 87.33%, 95.17%, 95.48% and 96.72% of our total woollen yarn requirements during the three months ended June 30, 2014, in fiscal 2014, fiscal 2013 and fiscal 2012. Further, we also outsource manufacturing of certain of our products to our Group Companies, including outsourcing manufacturing of some of our cotton and cotton-blended products to Nahar Spinning Mills Limited and Cotton County Retail Limited. OWML has been certified to conform to the QMS Standard: ISO 9001:2000 by DNV Certification B.V., Netherlands for the manufacture and supply of dyed and grey tops and yarn in worsted wool, pure wool, lamb wool, acrylic wool blends and polyester wool blends and angola, berthia and serge fabrics. We believe that our association with OWML and other Group Companies helps us to procure and maintain consistent high quality of yarn for our woollen apparel and also ensures that minimize any significant volatility, uncertainty or delay in raw material availability or third party manufacturing.

Strong back-end with in-house design and manufacturing, and long-term relationships with third-party manufacturers

We believe that we enjoy a competitive advantage due to our strong in-house design team, our dedicated manufacturing facilities for our woollen and cotton apparel, and our long-term relationship with our third-party manufacturers. We have a dedicated design team which travels and follows the emerging global fashion trends for creation of the designs for our new collections. We have over 30 professionals in our design, development and merchandising department dedicated to developing new products, improving existing ones and forecasting fashion trends. A number of our design team members are graduates of National Institute of Fashion Technology and have significant experience in apparel industry. In addition, our commissioned agents have direct access to the dealers, distributors and retailers in India and they conduct regular market surveys to understand consumer demand and feedback, which is communicated to our design team. We have two manufacturing facilities in Ludhiana, Punjab, one for our woollen apparel products and one for our cotton apparel products. The manufacturing facilities include facilities for product development, a design studio and sampling infrastructure. Almost all our woollen knitted products are manufactured in-house at our manufacturing facility in Ludhiana. We have also recently commenced in-house manufacturing of some of our cotton t-shirts and thermals in April 2014. For the remaining cotton and cotton-blended products, we follow an asset-light model by outsourcing the production to a network of job work entities with which we enjoy a long-term relationship.

Diversified product range

We have a comprehensive portfolio of product offerings in the woollen, cotton and cotton-blended apparel. We believe that our diversified product range helps us increase our penetration in the metros and expand our presence in the tier I and tier II cities in India. We believe our comprehensive range of products for men, women and kids and our products with diverse price points for premium, mid-premium and economy segments in the apparel industry make us an established brand poised to capitalize on such growth opportunities in the branded apparel industry both in metros and tier I and tier II cities. Our winter collection includes sweaters, cardigans, jackets, blazers, suits, shawls and stoles whereas our non-winter collection includes shirts, trousers, t-shirts, cargos, linen apparel and denims. We have also launched a home furnishing range which includes mink blankets, bed sheets and quilts. Additionally, we sell thermal wear and other winter accessories including scarves, mufflers and woollen caps in our '*Monte Carlo Exclusive Brand Outlets*'. While historically, our portfolio of products under '*Monte Carlo*' has primarily catered to the premium and mid-premium segments, we have recently launched an economy range ('*Cloak & Decker*') of cotton apparel products under the '*Monte Carlo*' brand. We have also entered the kids wear segment under our '*Tweens*' range for kids in the age group of seven years to 14 years. We believe our approach of presenting a portfolio of products for diversified customer profiles has helped us enhance our growth and will continue to support the development of brand loyalty among consumers.

Experienced management team

We have an experienced management team led by our Promoter, Mr. Jawahar Lal Oswal who has over 50 years experience in the textile and woollen industry and we benefit immensely from his expertise. He has been awarded the 'Punjab Ratan' at the Punjab State Intellectual's Conference in 2003 by the All India Conference of Intellectuals, the 'Udyog Ratna Award' by the PHD Chamber of Commerce and Industry in 2005 and the 'LMA-Sat Paul Mittal Life Time Achievement Award' by the Ludhiana Management Association in 2012. We believe our management and their understanding of the industry trends and market changes have been instrumental in the success of the '*Monte Carlo*' brand amongst our customers. We believe that our management team which includes Mr. Jawahar Lal Oswal, Chairman and Managing Director, Ms. Monica Oswal, executive Director, Ms. Ruchika Oswal, executive Director, and Mr. Sandeep Jain, executive Director, is well qualified with significant industry experience and has been responsible for the growth in our operations. We believe that the experience and relationships that our management team has, have enabled us to extend our operating capabilities, improved the quality of our products and facilitated our brand equity. We believe we also have a strong second line of management and an experienced pool of key managerial personnel, who have been associated with our business for over seven years.

OUR STRATEGIES

Continue to focus on the growth of our cotton and cotton-blended apparel to establish pan-India presence

The '*Monte Carlo*' brand has historically been associated with winter-wear for its woollen knitted apparel. This has led to our strong presence in the northern and eastern regions of India. In order to position '*Monte Carlo*' as an all-season pan-India brand, we introduced cotton t-shirts under the '*Monte Carlo*' brand in 2002 and other cotton and cotton-blended apparel in 2006. While we currently have a pan-India presence, we seek to penetrate further in the western and southern regions of India with a comprehensive range of cotton and cotton-blended products which cater to all seasons. Given the tropical climate in these regions, we seek to further expand our product range in the cotton and cotton-blended apparel segments and focus on the production of cotton and cotton-blended shirts, trousers, t-shirts and denims to expand our all-season product range and strengthen our pan-India operations.

Strengthen our sales network by opening 'Monte Carlo Exclusive Brand Outlets'

We distribute our portfolio of products through '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including a network of national chain stores. While we intend to continue our expansion in tier-I cities in north India, we also seek to focus on the tier-II cities in north, east and central India and tier-I cities of south and west India by opening additional '*Monte Carlo Exclusive Brand Outlets*'. As on June 30, 2014 there were 196 '*Monte Carlo Exclusive Brand Outlets*' in India and three '*Monte Carlo Exclusive Brand Outlets*' outside India in Dubai and Kathmandu, Nepal. As part of our growth strategy, our Board of Directors has a target of establishing 275 '*Monte Carlo Exclusive Brand Outlets*' by the end of Fiscal 2017. While we have not identified any specific locations or entered into discussion with franchise partners for new '*Monte Carlo Exclusive Brand Outlets*', we will seek to open new '*Monte Carlo Exclusive Brand Outlets*' in high street locations, lifestyle centers and malls that will strengthen our position as a premium and mid-premium brand in the branded apparel industry. We propose to open these '*Monte Carlo Exclusive Brand Outlets*' through a mix of franchisee and owned and operated model with a majority of the '*Monte Carlo Exclusive Brand Outlets*' being opened through franchisee model.

Focus on expansion of kids wear under the 'Tweens' range

According to the *Technopak Report, 2014*, the kids apparel industry segment is expected to grow at a CAGR of 10.50% from an estimated US$ 8,222 million in 2013 to US$ 22,369 million in 2023 in India. In order to capitalize on the growth opportunities in the kids wear segment, we have recently launched our kids wear range '*Tweens*' under the '*Monte Carlo*' brand. The kids wear collection under the range '*Tweens*' includes sweaters, cardigans, shirts, t-shirts and bottoms for kids within the age group of seven years to 14 years. We propose to increase our production and supply of apparel products in the '*Tweens*' range and also launch a dedicated marketing and branding exercise for our kids wear products. We believe that the branded kids wear segment in India is under-penetrated and offers a compelling opportunity for growth.

Expand manufacturing capacity

According to the *Technopak Report, 2014*, the Indian branded apparel industry was estimated to be approximately US$ 13,131 million in 2015 and is projected to grow up to US$ 34,182 million by fiscal 2020 driven by the increase in per capita income and the increased penetration of organized retail across India. We seek to capitalize on the growth opportunities in the branded apparel industry based on our well positioned brand '*Monte Carlo*'. We operate two manufacturing facilities in Ludhiana, Punjab, one for our woollen apparel products and one for our cotton apparel products. While almost all our woollen knitted products are manufactured in-house at our manufacturing facility, we have recently commenced in-house manufacturing of some of our cotton t-shirts and thermals. We are in the process of expanding our woollen apparel manufacturing facility. We propose to construct an additional floor in our woollen apparel manufacturing facility and purchase new knitting machines to expand our production capacity. We also seek to enhance our manufacturing capacity of our manufacturing facility for cotton apparel in Ludhiana which was started in April 2014 and increase in-house manufacturing of cotton and cotton-blended t-shirts and thermals. We believe that our leading presence in the Indian branded apparel industry presents us with a significant advantage to benefit from the future growth opportunities in the branded apparel industry in India by continuing to expand our manufacturing capacity.

Continue to enhance our brand in the apparel industry

We will continue to increase brand awareness and customer loyalty through our marketing efforts and planned retail expansion. We seek to seize market opportunities by continuing to allocate significant resources to enhance our brand '*Monte Carlo*'. Our marketing plan includes advertising in print media, electronic advertising, television campaigns, social media, endorsements by well-known Indian personalities who also participate in our fashion shows, visual merchandising including revamped stores and strategic association with movies. For example, we have recently associated with certain Hindi movies for promotion of our brand. We also organise fashion shows and seek to improve our web presence through presence in popular social networking websites and through distribution agreements with some of the Indian digital commerce platforms. We also intend to foray into event sponsorships specifically college festivals and youth-based events in order to promote our brand and products. Additionally, we also propose to open new '*Monte Carlo Exclusive Brand Outlets*' in certain prime retail locations which we believe will enhance our position as a premium and mid-premium brand in the branded apparel industry. We believe that the scale of our business provides us the ability to increasingly focus on branding and promotion to further increase our visibility and market share across India.

In addition to our marketing events and endorsements, we plan to continue to familiarise retailers and distributers with our product line and help them to more effectively sell our products to end customers, including through visual merchandising such as creating branded display counters at retail stores, which we believe improve our brand awareness and profile. For further information on our branding and marketing, see section titled "***Our Business-Brand management and marketing***" on page 118.

Expansion through acquisition of a brand or business in the apparel industry

Going forward, we believe that strategic investments and acquisitions of businesses in the apparel industry may act as an enabler of growing our business. We believe that our efforts at diversifying into new segments of the branded apparel industry or into new domestic or international markets can be facilitated by investing in similar business opportunities or making acquisitions of existing brands or businesses with manufacturing facilities, market share or growth potential, whose operations, resources, capabilities and strategies are complementary to our Company. As on the date of this Red Herring Prospectus, we have not identified any strategic investment or acquisition opportunities and we seek to enter into any such acquisition on an opportunistic basis.

OUR PRODUCTS

We offer a comprehensive line of woollen, cotton and cotton-blended knitted and woven apparel under the '*Monte Carlo*' brand in addition to our kids apparel. Our apparel products can be divided into three primary categories based – (i) woollen apparel, (ii) cotton and cotton blended apparel and (iii) kids apparel. Further, our products can be classified into knitted and woven categories based on their manufacturing process. Knitted products are manufactured by the knitting process in which fabrics are produced by set of connected loops pulled through other loops. The woven products are manufactured by the weaving process in which fabrics are produced by interlacing two sets of threads from a series of yarn according to a design.

Set forth below is a classification of our woollen, cotton and cotton-blended and kids apparel products.

	Knitted products	Woven products
Woollen apparel	Sweaters, cardigans, woollen caps, mufflers, thermals	Shawls, stoles, jackets, suits, coats
Cotton and cotton-blended apparel	T-shirts, sweat shirts, track suits, thermals	Shirts, trousers, denims, jackets
Kids apparel	Sweaters, cardigans	Shirts, t-shirts and bottoms

Additionally, we also distribute home furnishings products which include mink blankets, bed sheets and quilts. The home furnishing products are also outsourced from a network of job work entities.

Most of our woollen knitted products are manufactured by us at our manufacturing facility in Ludhiana. We have also recently commenced in-house manufacturing of some of our cotton t-shirts and thermals in April 2014. For the remaining products, we primarily follow an asset light model and outsource the manufacturing to a network of job work entities. We sell the raw materials which include fabrics and/or yarns to the job worker entities who further sell the finished products to us.

Woollen apparel

We believe that '*Monte Carlo*' being an established brand in the branded woollen apparel industry in India, we will be able to capitalise such growth opportunities in the woollen apparel segment. According to the *Technopak Report, 2014*, we are the leading Indian brand for woollen knitted apparel with our in-house manufacturing facility for knitting of sweaters, cardigans woollen caps and mufflers. We also sell woollen woven products which are sourced from a network of job work entities. All our woollen knitted and woven products are sold under the flagship '*Monte Carlo*' brand. '*Monte Carlo*' was launched as an exclusive woollen brand in 1984 at a time when the apparel industry in India was largely dominated by unbranded products, and since that time it has grown to become one of the most recognized apparel brands in India. The market for our woollen apparel products are primarily north and eastern regions of India.

Our revenue from woollen apparel (excluding woollen woven apparel) were approximately ₹ 17.37 million, ₹ 2,024.75 million, ₹ 1,921.21 million and ₹ 1,822.90 million, respectively, the three months ended June 30, 2014, in fiscal 2014, fiscal 2013 and fiscal 2012, which was 2.33%, 40.20%, 45.30% and 45.74% of our total revenue from operations (gross) for the respective periods.

Knitted woollen apparel

All the knitted woollen apparel products are sold under the '*Monte Carlo*' brand. '*Monte Carlo*' has been recognized as a 'Superbrand' for woollen knitted apparel in each edition of Consumer Superbrands India since its first edition in September 2004. Our woollen knitted products include sweaters, cardigans, woollen caps and mufflers and thermals. Our knitted woollen apparel products are designed to offer superior performance, fit and comfort while incorporating both quality and style. We have collections for both men and women in our knitted woollen segment. Our sweaters and cardigans are offered in classic and new designs including mono-coloured, argyle, stripes, checks, polo-necks, v-necks, full-sleeve and sleeveless designs. We also sell a premium range of woollen sweaters under '*Platine*' which is our exclusive premium range for men. Additionally, we also offer knitted woollen products for the kids segment under '*Tweens*' range which include sweaters, cardigans and woollen caps for the kids.

Woven woollen apparel

Our woven woollen apparel products include woollen and cashmere shawls, stoles, woollen jackets and blazers.

Raw materials

Our woollen apparel is mostly manufactured from the woollen yarns which we primarily buy from OWML, one of our Group Companies, and to a lesser extent, imported from overseas supplier or procured locally from the spot market. In addition to the woollen yarn which is the primary yarn for our woollen products, we also use acrylic and angora based yarns for some of our woollen products. Woollen yarn is made of sheep hair and angora yarn is made of rabbit hair. However, acrylic is a petroleum based artificial fibre used for some of our woollen knitted products.

Our primary raw material for woollen knitted and woven apparel is woollen yarn which accounted for approximately 61.26%, 47.96%, 53.81% and 52.37% of our total raw materials cost in the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Additionally, we also require cotton yarn, fabrics and other yarns for our products. We purchase yarn from OWML or other suppliers based on our requirements.

The average price of woollen yarn in the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012 were ₹ 940.14, ₹ 1,044.05, ₹ 954.84 and ₹ 822.71, per kilogram, respectively.

Production and manufacturing

The woollen knitted apparel are primarily manufactured in-house by us at our manufacturing facility in Ludhiana. The procured woollen yarn is checked for various quality parameters before being sent to the knitting section. In the knitting section, the woollen yarn is converted into knitted panels of specific design and shape on computerized flat knitting machine or circular knitting machines. We have a dedicated design team which is responsible for the design of our woollen knitted apparel. The design is prepared through the computer-aided design system ("**CAD system**"). Subsequently, the knitted panels are checked for quality assurance and if any defects are identified, the defective product is either rejected or sent back for rectification to the knitting section. The various knitted panels are stitched together and are sent for washing and milling to remove any dirt or oil gathered by the panels during knitting. The washed knitted panels are again checked for any colour bleeding and or any excessive shrinkage. The washing and milling processes control the shrinkages and improve the feel of the panels. The panels are then pressed to remove wrinkles caused by washing and milling. The processed knitted fabric panels are then separated and cut according to the requirements and stitched to prepare the knitted apparel. The brand logo is embroidered (if required) on the product and the products are sent for dry cleaning and final pressing. After final pressing the product is checked again for quality assurance including on parameters like size and shape. After initial checking, the labeling and branding of the products are done. The final products are then sent for final checking before being packed and warehoused.

For our woollen woven apparel, we follow an asset light model and outsource the manufacturing to a network of job work entities. We provide the woollen cloths to our job worker entities who then convert them into woollen apparel according to the design specified by our design team and sell the finished products to us. The designs are finalised by our design team which are provided to our job workers for manufacturing. Once the finished products are ready, we buy them from the job work entities. All the finished products are checked for quality purposes prior to taking delivery from these job work entities.

Cotton and cotton-blended apparel

We offer a range of cotton and cotton-blended knitted and woven apparel which includes t-shirts, shirts, trousers, denims, track suits, thermals. We have introduced a number of ranges under our umbrella brand '*Monte Carlo*' in our cotton apparel segment which includes '*Alpha*' for women's cotton apparel, '*Denim*' for denim apparel and '*Cloak & Decker*' in the economy segment for men. In addition, we also supply premium range t-shirts, shirts and trousers under our flagship brand '*Monte Carlo*'.

Our revenue from cotton and cotton-blended apparel (including woollen woven apparel) in the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012 were ₹ 463.12 million, ₹ 1,921.74 million, ₹ 1,560.67 million and ₹ 1,683.37 million, respectively, which was 61.94%, 38.15%, 36.80% and 42.24% of our total revenue from operations (gross) in the respective periods.

Cotton knitted apparel

Our cotton knitted apparel products include t-shirts, sweat shirts, track suits and cotton thermals. We sell premium range men's t-shirts under our flagship brand '*Monte Carlo*'. We also supply t-shirts, track suits and sweat shirts for women under our exclusive women range '*Alpha*'. We have recently forayed into the economy segment with t-shirts under the range '*Cloak & Decker*'.

Cotton woven apparel

Our cotton woven apparel products include shirts, trousers and denims. We sell premium range men's shirts and trousers under our flagship brand '*Monte Carlo*'. We also supply shirts and trousers for women under '*Alpha*'. Separately we also supply denim shirts and trousers.

Cotton-blended apparel

We also sell cotton-blended apparel (which can be made of either knitted or woven fabrics) which are made of blended yarns such as cotton and polyester, linen, viscose. Our cotton-blended apparel include shirts, trousers and t-shirts. Our summer collection mostly has products made of light cotton-blended fabrics e.g. linen which is a natural fibre from the plants. Also for our economy range products under '*Cloak & Decker*', we use cotton blended with polyester fabrics.

Raw materials

The primary raw material for cotton apparel is cotton or cotton-blended woven fabric, non-woven fabric and knitted cloth. The cotton fabrics and knitted cloth are primarily sourced from domestic suppliers on spot purchase basis or from Nahar Industrial Enterprises Limited, which is our Group Company. We also procure cotton fabric from Nahar Spinning Mills Limited and denim fabric from OWML, our Group Companies, based on our requirements. The average actual prices of cotton fabrics, which includes cotton woven fabric and cotton knitted cloth, paid by us for the three months ended June 30, 2014, in fiscal 2014, fiscal 2013 and fiscal 2012, were approximately ₹ 150.78, ₹ 130.66, ₹ 121.07 and ₹ 120.65, per meter for cotton woven fabric,and ₹ 403.84, ₹ 382.50, ₹ 360.28 and ₹ 361.63, per kilogram for cotton knitted cloth. Additionally, we also procure cotton yarn for your cotton and cotton-blended apparel.

Production

Except for some of our cotton and cotton-blended t-shirts and thermals, which are manufactured in-house at our cotton manufacturing facility, we follow an asset-light model for our cotton apparel products by primarily outsourcing the production of our cotton apparel to a network of job work entities.

We have started manufacturing cotton and cotton-blended t-shirts and thermals in-house from April 2014. For the cotton and cotton-blended t-shirts and thermals, we procure the cotton fabric from the suppliers and such fabric is checked for quality and other parameters during the layering process. Once the layering of the fabric is done, it is marked and cut according to the design and sizes as per the design of the final product provided by the design team. After cutting, the various pieces of the fabric are bundled together along with the accessories and sent to the stitching section, where stitching is carried out and the finished products are sent to finishing and packing section. In the finishing and packing section, the products are again checked for sizes and the quality of stitching and thereafter, finally packed for shipment.

For the remaining cotton and cotton-blended products, production of which are out-sourced to job work entities, we source the dyed knitted or woven cotton fabric or yarn and denim fabrics, which are our primary raw materials for cotton products, from the local market according to our requirement particularly, based on the shade and knit type. After procurement, the cotton fabric or denim is either billed or sent on job work basis to our fabricators. Our design team is responsible for the designs of our cotton knitted and woven apparel. The designs are finalised by our design team which are provided to our job workers for production. Various accessories like sewing thread, buttons, zips, labels, tags are provided along with the knitted fabric. The fabricator then converts the fabric into various apparel according to the design and other quality inputs provided by us. The final products are then packed by the fabricator after receiving the final approval as regards the quality from us and sent to the warehouse as instructed by us. We also have our quality assurance team stationed at the manufacturing facilities of these job work entities that ensure that the products are checked at each stage of the manufacturing cycle. Apart from the checking made at each stage, all the products go through a final checking by this quality assurance team before the products are delivered to our Company. At the delivery, the products are made to undergo a random sample check procedure.

Kids apparel

In order to capitalize on growth opportunities in the kids apparel segment, we have entered the kids apparel segment with our '*Tweens*' range under the '*Monte Carlo*' brand in fiscal 2013.

We supply kids apparel which include sweaters, cardigans, shirts, t-shirts and bottoms. Our revenue from kids apparel products in the three months ended June 30, 2014, fiscal 2014 and fiscal 2013 were ₹ 28.93 million, ₹ 147.82 million and ₹ 83.75 million, respectively, which was 3.87%, 2.93% and 1.97% of our total revenue from operations (gross) in the respective periods.

Production

While the sweaters and cardigans under our kids apparel are manufactured in-house at our woollen manufacturing facility, the other kids apparel products are manufactured by a network of job work entities. The samples for different designs for the kids apparel products are provided by our design team

Home furnishing

We introduced home furnishing products under the 'Monte Carlo' brand in fiscal 2013. We supply home furnishings which include mink blankets, quilts and bed sheets under our umbrella brand '*Monte Carlo*'. Our revenue from home furnishing products were approximately ₹ 87.53 million, ₹ 344.91 million and ₹ 253.03 million, respectively, in the three months ended June 30, 2014, fiscal 2014 and fiscal 2013, which were 11.72%, 6.85% and 5.97% of our total revenue from operations (gross) for the respective periods.

We follow an asset light model for our home furnishing products as well. The samples for different designs for the home furnishing products are provided to us by our suppliers which are considered and selected by our design team in consultation with our marketing team. We outsource the manufacturing of these products to a network of job work entities primarily in China. Once the finished products are ready, we buy them from the job work entities. All the finished products are checked for quality purposes prior to taking delivery from these job work entities.

Design and product innovation

We have a dedicated design team which is responsible for the design of our apparel products. Development of innovative designs is one of our core strengths and unique selling proposition of our products. We believe that design is one of the most critical elements in the premium and mid-premium fashion apparel industry. We have over 30 professionals in our design, development and merchandising department dedicated to developing new products, improving existing ones and forecasting fashion trends. We have separate design teams for our woollen, cotton and cotton-blended products. Some of these professionals are graduates from the fashion and design institutes in India including the National Institute of Fashion Technology, New Delhi and have prior experience in the fashion and apparel industry. Additionally, our design teams travel to different countries to understand the current fashion trends for our new collections. Our commissioned agents have direct access to the dealers and distributors and retailers and they conduct regular market surveys to understand consumer demand and feedback which is communicated to our design team. We send out samples to our commissioned agents for the coming season, who in turn show the designs to the MBOs, and ascertain the demand for a particular design, colour or texture of fabric. We also hold exhibitions or fashion shows for our franchise partners of the '*Monte Carlo Exclusive Brand Outlets*'. While the design process happens over the year for our winter products and non-winter products, the specific designs for the upcoming collections are finalized in January for the woollen apparel and in August for the cotton apparel before the production season. Our designers sometimes create a theme for a new collection, which becomes the basis for the choice of colours, fabrics and other characteristics. They draw sketches and create a "storyboard" of designs to illustrate the flow of the collection, and these designs are submitted to the design head for approval. Once approved, they are used to produce proto samples, rough apparel from sample fabrics used to get a preliminary idea of the apparel.

While certain basic designs are retained every year, we also introduce new types of yarn, and different textures of fabric in the making of the product, as per market preferences and tastes. Our design ideas and concepts are based on consumer feedback, national and international fashion trends, as well as insights from attending industry fairs. In a season, the design team works on over 500 designs, out of which a few are selected for the new season collection. Our design facility and product development centre are located at our manufacturing facility in Ludhiana.

Quality assurance

We understand that the brand equity that we enjoy from our flagship brand '*Monte Carlo*' has primarily been earned from the quality, comfort and style of our products over the years. In order to increase our brand equity and maintain the quality of our products, we follow a stringent quality control mechanism for all our products. For our woollen apparel, each of the products undergoes a rigorous checking process. At each stage of manufacturing of the products, the products are checked by the operators to ensure there is no defect from the previous stage machine operators. For example, when the woollen panels are straightened and uncurled and sent for pressing, each person operating the pressing machine measure the products with measuring tapes or laser point measuring devices and any panel with a defect is sent back for unwinding of the yarn so that the panel can be made again. Only the panels without any fault or defect are passed on for cutting. Additionally, we have a separate team for the quality assurance of the woollen apparel wherein the quality of the woollen products is checked at various stages of the manufacturing process. The quality team is independent of the production department. If any defect is found by the quality assurance team, such defects are reported to the operations head and we also have a system of recognizing exactly at which stage such defect occurred. Accordingly, the operators or workers of such specific stage where the defect was made are made to undergo additional training by our human resource development team to ensure such defects are not repeated.

For the outsourced cotton apparel, woollen woven apparel and home furnishing products as well, we have a stringent quality assurance system. For the outsourced products, we provide detailed and specific instructions and designs to the job work entities. We also have our quality assurance team stationed at the manufacturing facilities of these job work entities that ensure that the products are checked at each stage of the manufacturing cycle. Apart from the checks made at each stage, all the products go through a final review by this quality assurance team before the products are delivered to our Company. At the delivery, the products are made to undergo a random sample check procedure. Such random sample check ensures that our job work entities and the quality assurance team stationed at the manufacturing facilities of the job work entities undertake thorough quality control measures at each stage of the manufacturing process. Only once the final clearance of the products is received, the products are packed and warehoused.

Inventory management

We believe that maintaining appropriate levels of inventory is critical to our overall profitability. Our products in inventory include raw materials, work in progress, finished products manufactured by us and finished outsourced products. In order to minimize the risk of building up aged inventories, it is our policy to regularly review the obsolescence of inventories based on their age.

The production of our winter products which includes our woollen knitted and woven products such as sweaters, cardigans, suits, jackets, shawls, mufflers, and some of our cotton jackets and full sleeve t-shirts, commences from the month of May. We start dispatching our winter products to the '*Monte Carlo Exclusive Brand Outlets*' and MBOs from August to cater to the demand of the retail consumers for the upcoming winter season, which is carried on until December or January depending on the duration and severity of the winter in that particular year. The inventory level for our winter products at our warehouses peaks in the month of September and we aim to dispatch all our winter products to the '*Monte Carlo Exclusive Brand Outlets*' and MBOs before the beginning of the religious festival seasons in October or November. The winter sales are generally carried by the '*Monte Carlo Exclusive Brand Outlets*' and MBOs in the month of January or February. After end of season sales, unsold items in the '*Monte Carlo Exclusive Brand Outlets*' are cleared through liquidation channels such as discount stores or factory outlets. However, some of the unsold products, specifically the basic design products, are returned to our manufacturing facility for dry cleaning and re-packaging for the next season.

The production of our non-winter products which includes our cotton and cotton-blended products e.g., shirts, trousers, t-shirts, denims and track suits, commences from the month of October. However, given there is no significant seasonal impact on our non-winter products, certain amount of non-winter products are produced through out the year. We start dispatching our major non-winter products to the '*Monte Carlo Exclusive Brand Outlets*' and MBOs from the month of February until July. The summer sales are generally carried by the '*Monte Carlo Exclusive Brand Outlets*' and MBOs in the month of August. After end of season sales, unsold items in the '*Monte Carlo Exclusive Brand Outlets*' are cleared through liquidation channels such as discount stores or factory outlets. However, some of the unsold products, specifically the basic design products, are returned to our manufacturing facility for dry cleaning and re-packaging for the next season.

We monitor and analyse our inventory level at the '*Monte Carlo Exclusive Brand Outlets*' on a daily basis based on item-wise daily sales reports to identify slow- and fast-moving merchandise.

OUR MANUFACTUIRNG FACILITY

We operate two manufacturing facilities in Ludhiana, Punjab, one for our woollen apparel products and one for our cotton apparel products. The manufacturing facilities include facilities for product development, a design studio and sampling infrastructure. Almost all our woollen knitted products are manufactured in-house at our manufacturing facility in Ludhiana. We have recently commenced in-house manufacturing of some of our cotton t-shirts and thermals from April 2014. For the remaining cotton and cotton-blended products, we follow an asset-light model by outsourcing the production to a network of third-party manufacturers, also known as job work entities.

Our woollen manufacturing facility is a new facility and is fully backed by the facilities for product development, design studio and efficient sampling infrastructure for our woollen apparel. We have 595 knitting machines including high speed flat knitting machines, circular knitting machines, rib loading knitting machines and hand knitting machines, 32 steam press machines, six dry cleaning machines, six washing machines and 14 dryer/tumbler machines along with certain other garment preparatory and finishing machines in our woollen apparel manufacturing facility. We shifted to this new facility in fiscal 2014, and previously we used to manufacture our woollen apparel in our old manufacturing faculty which is also in Ludhiana. Our previous manufacturing facility is now used for manufacturing of cotton t-shirts and thermals from April 2014.

OUR DISTRIBUTION AND SALES NETWORK

We distribute our apparel products through our '*Monte Carlo Exclusive Brand Outlets*' and MBOs, a network of national chain stores. We have also entered into distribution agreements with some of the leading Indian digital commerce platforms.

While we directly distribute our products to the '*Monte Carlo Exclusive Brand Outlets*', distribution of our products to the MBOs are facilitated by our commissioned agents who procure orders from the MBOs and act as an interface between us and the MBOs. For our winter wear collection which includes our woollen knitted and woven products such as sweaters, cardigans, suits, jackets, shawls, mufflers, our design process is finalised in the month of January. By February and March, we send our sample sets to our commissioned agents. The commissioned agents take these sample sets to various cities for display and invite the dealers and distributors of such cities and regions to view these samples. The dealers and distributors of the MBOs place orders for our products with the commissioned agents pursuant to such display of the sample products. The compilation of the orders from the MBOs is completed by mid-April. While we keep producing certain classic design winter products throughout the year, production for these specific designs for which orders are placed, commences from the month of May. We start dispatching our winter wear products to the '*Monte Carlo Exclusive Brand Outlets*' and MBOs from August to cater to the demand of the retail consumers for the upcoming winter season, which is carried on until December or January depending on the duration and severity of the winter in that particular year. We also start supplying full sleeve knitted t-shirts at the beginning of August as our fall winter collection to the '*Monte Carlo Exclusive Brand Outlets*' and MBOs.

Our production and distribution cycle for our non-winter products is different from the cycle of our winter wear. Our design team for our non-winter products is also separate from the design team for our winter collection. For our non-winter products which includes our cotton and cotton-blended products e.g., shirts, trousers, t-shirts, denims and track suits, our designs are finalized in the month of August. The sample sets of our non-winter products are sent to our commissioned agents for showing them to dealers and distributors of the MBOs in September and October. We also organize fashion shows to showcase our proposed cotton and cotton-blended products to the MBOs. We compile our orders through September and October. While we keep producing certain classic design non-winter products throughout the year, production for these specific designs for which orders are placed, commences from the month of October. We start dispatching our finished products to the '*Monte Carlo Exclusive Brand Outlets*' and MBOs from the month of February until July. We also sell certain special cotton and cotton-blended apparel as part of our fall collection, autumn collection, spring collection and festival collections. For example, we sell a special collection of apparel during the Durga Puja or Diwali celebrations in the north and eastern regions of India.

Additionally, we showcase our home furnishings products, including mink blankets, bed sheets and quilts, to our commissioned agents and compile our orders in June. We start dispatching our home furnishing products to our commissioned agents from the month of June until August.

However, we follow a different distribution system for thermals and products under the range '*Cloak & Decker*' which we sell to the distributors directly. Our thermals and products under the range '*Cloak & Decker*' are primarily sold in the tier II and tier III cities where our commissioned agents do not have a significant presence.

Accordingly, we sell our thermals and products under the range '*Cloak & Decker*' through distributors. Unlike in case of our commissioned agents who are responsible for collection of payment from the dealers of the MBOs, the delivery of our thermals and products under the range '*Cloak & Decker*' to the distributors are done on an outright sale basis and the payment are made by the distributors themselves to our Company.

Monte Carlo Exclusive Brand Outlets

As on June 30, 2014, there were 196 '*Monte Carlo Exclusive Brand Outlets*' out of which 18 are owned and operated by us and 178 are owned and operated by different franchisees in India (including 21 discount stores or factory outlets). We also have two franchised '*Monte Carlo Exclusive Brand Outlets*' in Dubai and one '*Monte Carlo Exclusive Brand Outlets*' in Kathmandu, Nepal.

Set forth below is a list of number of '*Monte Carlo Exclusive Brand Outlets*' situated in each state in India as on June 30, 2014.

Sl. No.	**State**	**No. of '*Monte Carlo Exclusive Brand Outlets*'**
1.	Chhattisgarh	1
2.	Madhya Pradesh	10
3.	Rajasthan	17
4.	Uttar Pradesh	24
5.	Uttrakhand	4
6.	Assam	1
7.	Bihar	30
8.	Jharkhand	6
9.	Manipur	1
10.	Nagaland	1
11.	Odisha	2
12.	Tripura	1
13.	West Bengal	6
14.	Delhi	9
15.	Himachal Pradesh	7
16.	Haryana	24
17.	Jammu and Kashmir	4
18.	Punjab	35
19.	Karnataka	4
20.	Gujarat	6
21.	Maharashtra	3
	Total	**196**

Distinctive in-store experience

We are committed to providing our customers with an inviting and distinctive in-store experience in the '*Monte Carlo Exclusive Brand Outlets*'. In order to achieve such distinctive store experience in all our '*Monte Carlo Exclusive Brand Outlets*', we have entered into an agreement with an architect firm, Design Affairs Private Limited, to provide the design for each of the '*Monte Carlo Exclusive Brand Outlets*' including the ones owned and operated by the franchisees. This ensures that all our '*Monte Carlo Exclusive Brand Outlets*' have the standard store design and the in-store experience. We also keep improvising with the interior designs of our '*Monte Carlo Exclusive Brand Outlets*' in order to make them more visually appealing and modern. Our store sales associates are coached to personally engage and connect with each customer to understand his/her need and accordingly provide suitable options from our range of products.

Our franchised 'Monte Carlo Exclusive Brand Outlets'

For our franchised '*Monte Carlo Exclusive Brand Outlets*', we have entered into franchise agreements with third parties to operate the '*Monte Carlo Exclusive Brand Outlets*' under franchisee models. Pursuant to these franchise agreements, as applicable, our counterparties operate exclusive brand outlets and sell products, purchased from us, under the '*Monte Carlo*' brand. Generally franchisees lease the locations where they operate. We also define the layouts, fit-outs and fixtures adopted at the exclusive brand outlets for standardization purposes, as well as provide them with marketing and supervisory support. In addition, we provide the store staff of our franchisees with an induction training to deepen their product knowledge and enhance their targeted selling skills in order to improve customer service across the exclusive brand outlets. Staff costs and other operating expenses for the exclusive brand outlets are borne by the franchisees. The supply of products to the franchised '*Monte Carlo Exclusive Brand Outlets*' is done through an outright sale basis. Pursuant to these franchise agreements, we sell our products to the franchised '*Monte Carlo Exclusive Brand Outlets*' at a discount to the whole sale price which are fixed earlier during the sample exhibition and compilation of orders. We also have a discount sharing arrangement with the franchised '*Monte Carlo Exclusive Brand Outlets*' for the unsold products which are sold subsequently by them at a discounted rate or through a sale. The quantum of our discount sharing ranges from 5% to 17.50% on the discounted retail price at which the product is sold in a sale. We also have an alternative arrangement of return of unsold products aggregating from 5% to 15% of the products sold to the franchised '*Monte Carlo Exclusive Brand Outlets*'. However, pursuant to the franchise agreements, if the sale returns are in excess of the specified percentage as stated in the agreements, the discount sharing obligation becomes optional at the discretion of our Company for that batch of products sold to them.

Our owned and operated '*Monte Carlo Exclusive Brand Outlets*'

The Company owned '*Monte Carlo Exclusive Brand Outlets*' are operated by us directly. Each of the Company owned '*Monte Carlo Exclusive Brand Outlets*' are leased, managed and operated by the Company and the personnel at such '*Monte Carlo Exclusive Brand Outlets*' are employees of the Company. In case of the Company owned '*Monte Carlo Exclusive Brand Outlets*', final sale of the products made by these '*Monte Carlo Exclusive Brand Outlets*' is recognized as sales in the books of the Company. The products kept at the Company owned '*Monte Carlo Exclusive Brand Outlets*' are included in the Company's total outstanding stocks along with any stocks lying in the manufacturing facility or the Company's warehouses for computation.

MBOs

We also supply our products to the MBOs in order to cater to consumers across regions. As of June 30, 2014, we supplied our products to over 1,300 MBOs through 21 commissioned agents. The supply of products to the MBOs is done through an outright sale basis based on the orders placed by them. We typically sell our products at the whole sale price to the MBOs which are fixed earlier during the sample exhibition and compilation of orders from the MBOs. We do not have any discount sharing arrangements with the MBOs for the unsold products which are sold subsequently by the MBOs at a discount or through a sale. We also have a no-return policy with the MBOs and accordingly, none of the unsold products are bought back by our Company except for products with manufacturing defects. However, historically, we have sometimes accepted return of certain products depending on the market conditions and our relationship with such MBOs.

Facilitated by our commissioned agents, supplies to MBOs are conducted directly by our Company. As of June 30, 2014, we had 21 commissioned agents who work as an interface between the MBOs and our Company. All our commissioned agents are exclusive agents to our Company. We have entered into agency agreements with each of our commissioned agents. The specific area or region for which such commissioned agents are appointed is mentioned in the agreements. Pursuant to the agreement, the commissioned agents are required to visit MBOs in their area at least 8 to 10 times a year for market survey and for securing orders along with relevant road permits for transportation of products and necessary tax and other regulatory registrations from the dealers of the MBOs. Our commissioned agents are contractually liable for timely payment to our Company for the products supplied to the MBOs through the commissioned agents. In the event the dealers of the MBOs cancel the orders before or after the products have been dispatched by us to the MBOs, the commissioned agents are liable to pay all expenses incurred and any other losses suffered by our Company due to such cancellation. The commissioned agents are paid a commission in the range of 3% to 6% of the total sales facilitated by them to the MBOs. While the commission due to the agents is required to be paid after the annual accounts of the Company are finalized by the shareholders of our Company, our Company may pay advance against the commission earned to these agents. The term of these agreements is typically for two years which can be renewed by our Company. These agreements can be terminated by our Company or by our commissioned agents by giving a 15 days or a 30 days notice, respectively.

We also sell our products through national chain stores or large format stores. Supplies to national chain stores are done directly by us and not through commissioned agents.

Online distribution

We have also entered into distribution agreements with some of the leading Indian digital commerce platforms. Additionally, one of our group companies, Vanaik Spinning Mills Limited operates the website www.montecarlocollections.com - through which our products are sold online.

PRICING

Our apparel products are offered at various price points. We believe offering a broad range of price points maintains a more accessible, less intimidating atmosphere. Our ability to offer consumers low prices on quality merchandise contributes to and, to a large extent, determines our market position. With respect to our other products, we determine our pricing based on market supply and demand, production cost and the prices of similar products offered by our competitors. We consult our marketing department before pricing of our products and consider their feedback at the time of fixing of the wholesale and the maximum retail price of our products.

BRAND MANAGEMENT AND MARKETING

'*Monte Carlo*' is the flagship brand of our Company which is a market leader in the woollen knitted apparel industry in India and has been recognized as a 'Superbrand' for woollen knitted apparel in each edition of Consumer Superbrands India since its first edition in September 2004. We believe that '*Monte Carlo*' enjoys significant premium and brand recall on a pan Indian basis.

We seek to seize market opportunities by continuing to allocate significant resources to enhance our brand '*Monte Carlo*'. While '*Monte Carlo*' is our umbrella brand, we have introduced a number of ranges under it and we seek to build on our brand equity based on such new products. Set forth below is a brief description of each of the ranges introduced by us which are currently distributed by us.

Flagship brand	Name of the range	Segment description	Products description
Monte Carlo		'*Monte Carlo*' is our flagship and umbrella brand. '*Monte Carlo*' caters to the premium and mid-premium segments for men	Woollen and blended-woollen sweaters, woollen woven jackets, cotton and cotton-blended shirts, trousers, t-shirts, track-suits, thermals, woollen accessories and home furnishings
	Platine	'*Platine*' is our premium range for men under the '*Monte Carlo*' brand	Cashmere and cash-woollen sweaters, blazers, coats, cotton shirts and t-shirts
	Denim	'*Denim*' is our exclusive mid-premium range for denim apparel under the '*Monte Carlo*' brand	Denim trousers (jeans), shirts and jackets
	Alpha	'*Alpha*' is our exclusive range for women under the '*Monte Carlo*' brand	Sweaters, cardigans, shirts, t-shirts, tops and trousers
	Tweens	'*Tweens*' is our exclusive range for the kids wear collection under the '*Monte Carlo*' brand	Sweaters, cardigans, shirts, t-shirts and bottoms
	Cloak & Decker	'*Cloak & Decker*' is our economy range for men under the '*Monte Carlo*' brand	Cotton and cotton-blended t-shirts

Our branding strategy focuses on the modern designs of our products to project *Monte Carlo*'s reputation in fashion trends and quality of apparel. Our marketing plan comprises advertising in print media, electronic advertising, television campaigns, endorsement by famous Indian personalities who also participate in our fashion shows, visual merchandising including revamped stores and strategic association with movies. For example, we have recently associated with certain Hindi movies for promotion of our brand. We also organise fashion shows and seek to improve our web presence through presence in popular social networking websites and through distribution agreements with some of the leading Indian digital commerce platforms. We also intend to foray into event sponsorships specifically college festivals and youth-based events in order to promote our brand and products. Further, we seek to enhance our brand image by controlling the distribution of our products. We sell our products to MBOs and multi chain stores that we believe merchandise our products in an environment that supports and reinforces our brand and that provide a superior in-store experience. We believe that the scale of our business provides us the ability to increasingly focus on branding and promotion to further increase our visibility and market share in pan India.

Our marketing department comprises a team of marketing professionals located at our offices in Ludhiana and Delhi. The visual merchandizing and marketing teams work together to present our products in an engaging and innovative manner and we are focused on enhancing our advertisements in television and print media as well as in direct mail, e-mail and social media in order to cater to consumers across our target consumer segment and with the aim to increase our brand awareness. Historically, we have engaged popular models and celebrities including movie actors for promoting our brands and products. We intend to place greater emphasis on television and internet advertising going forward. Our customer relationship and loyalty programs at '*Monte Carlo Exclusive Brand Outlets*' aim to deepen our relationship with our customers and complement the in-store experience. We send out regular updates to our loyalty programme members about new collections and end of season sales. Our website is used to support and supplement the promotion of our products and brand. During the three months ended June 30, 2014, we incurred ₹ 37.50 million and in fiscal 2014, we incurred ₹ 209.90 million in marketing and advertising expenses. In addition to our marketing events and endorsements, we plan to continue to familiarise retailers and distributers with our product line and help them to more effectively sell our products to end customers, including through visual merchandising such as creating branded display counters at retail stores, which we believe improve our brand awareness and profile.

Human Resources

Our employees contribute significantly to our business operations. As of June 30, 2014, we had 1,444 employees, all of whom were employed on a full-time basis in our operations. We place significant emphasis on the recruitment and retention of our personnel and provide continuous training for employees to achieve high quality skills. None of our employees are unionized. We have had no labour-related work stoppages and believe that our labour relations are good. In addition to salary and allowances, we provide our employees benefits which include medical reimbursements, yearly leave and retirement benefits. Given our manufacturing faculty is operational 24 hours a day; we have three shifts for our workers. We provide dedicated transport service to our women workers working in our manufacturing facility. Our success depends upon our ability to recruit, train and retain high quality professionals. We believe the relationship between our management and our employees has been cordial. We have not experienced any industrial disputes and further our attrition level has been commensurate with the industry standards.

Intellectual property

We have applied for registration or renewal of registration of 25 trademarks in various classes, including, amongst others, for '*MONTE CARLO*' and our logo as appearing on the cover page of this Red Herring Prospectus, as well as our range, including '*platine*', '*TWEENS MONTE CARLO*', '*ALPha*' and '*C&D Cloak & Decker*' and these applications are currently pending approval.

For more information, see "***Government and Other Approvals***" on page 245.

Real Property

Our Company's registered and corporate office premises, situated at G.T. Road, Sherpur, Ludhiana 141 003, Punjab, India, is owned by us. Our manufacturing facility for woolen apparel, situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana 141 003, Punjab, India is owned by us. We also have a manufacturing facility situated within the premises of OWML, which we lease from OWML, pursuant to rent note dated February 1, 2014 and storage premises at Miller Gunj, Ludhiana which we lease from OWML pursuant to rent note dated February 1, 2012. Further, we lease property for warehousing purposes from OWML one of our Group Companies, pursuant to a rent note dated March 1, 2013 and from NSML, one of our Group Companies, pursuant to a lease deed dated April 1, 2014. Further, we lease property for our branch offices, for the purpose of warehousing and sale of Company's products, in three cities in India. We have also purchased property in Hadbast, Punjab, India pursuant to sale deeds July 21, 2014 for developing warehousing facilities for our Company.

We also have 18 owned '*Monte Carlo Exclusive Brand Outlets'* situated in various parts of India, all on leased premises.

Insurance

Our Company has various insurance polices in respect of our business, our assets such as stocks, machinery, buildings and furniture. We have fire and burglary insurance for our main offices and manufacturing facilities in relation to our inventories, raw materials and office equipment. We also have fire and burglary insurance, with additional cover for natural calamities like earthquake, for our stocks maintained at various warehouses as well as stocks in trade and machinery, boiler, pressure plants and electrical equipment insurance policies. We also have policies to cover the various risks during the transit of goods any where in the country or overseas. We also have money insurance policy and group personal accident insurance policy for our employees. Set forth below is a detailed description of the insurance policies that we have for our facilities, goods and employees:

S. no.	Type of Insurance policy	Properties/Locations covered
1.	Standard fire and special perils policy with add on of earthquake (fire and shock)	Our Company's facilities situated in Ludhiana, Punjab, India at (i) 231 Industrial Area A, including the building and plant and machinery; and (ii) G.T. Road, Sherpur, including the stocks and finished goods pertaining to our Company's trade therein
2.	Industrial manufacturing risk policy (floater) with add on of earthquake (fire and shock)	(i) Hosiery, lace, embroidery and/or thread factories situated at various locations in Ludhiana, Punjab, India; (ii) finished goods situated at B-XXIX-106, G.T. Road, Sherpur and 172, Industrial Area A; (iii) woollen mills comprising stocks of woolen, cotton and readymade garments, finished and/or unfinished goods; (iv) stock of all types of woolen, cotton and/or readymade garments, trousers, pants, shirts whilst in process or lying at various locations; and (v) hosiery, lace, embroidery and thread factories situated at 427, Industrial Area A
3.	Machinery breakdown insurance policy	Machinery situated at our Company's manufacturing facilities in Ludhiana, Punjab, India, at (i) 231 Industrial Area A; and (ii) B-XXIX-106, G.T. Road, Sherpur
4.	Electronic equipment insurance policy	Electricals, including computers and its accessories situated at our Company's facilities in Ludhiana, Punjab, India, at (i) 231 Industrial Area A; and (ii) B-XXIX-106, G.T. Road, Sherpur
5.	Loss of profit (fire) policy	In respect of our Company's facilities in Ludhiana, Punjab, India, situated at (i) 231, Industrial Area A; and (ii) B-XXIX, 106, G.T. Road, Sherpur
6.	Marine cargo open policy	On consignment containing all kinds of hosiery goods, garments and raw material to and from Ludhiana, India by road, rail, air, courier, vessel, post parcel and/or multimode transshipment. The following facilities of the Company in Ludhiana, Punjab, India are covered (i) 231 Industrial Area A; (ii) B- XXIX-106, G.T. Road, Sherpur; and (iv) G.T. Road, Sherpur
7.	Money insurance policy	Money in transit between our Company's premises in Ludhiana, Punjab, India at (i) 231, Industrial Area A; (ii) BXXIX-106, G.T. Road, Sherpur; (iii) G.T. Road, Sherpur; and (iv) the premises inside OWML, G.T. Road, Sherpur, that may be (i) for payment of wages, salaries and other earnings or for petty cash in direct transit from the bank to the Company' premises; (ii) in the personal custody of our employees, between our Company's premises and the bank or post office or vice versa; or (iii) money collected by and in personal custody of the Company or an authorized employee while in transit to the premises or bank.
8.	Group personal accident tailor made	For employees of our Company employed at various locations in Ludhiana, Punjab, India and at our Company's facility in Gurgaon
9.	Boiler and pressure plant insurance policy	In respect of the fire tube boiler, along with all accessories and control panel, and entire steam lines attached to the boiler and surrounding our Company's facility situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana, Punjab
10.	Special contingency insurance policy	All risk policy covering machinery and its attachments, along with accessories situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana, Punjab, India.
11.	Fire declaration policy with add on earthquake (fire and shock) cover	Woolen mills situated at our Company's premises at (i) BXXIX-106, G.T., Road, Sherpur; and (ii) G.T. Road, Sherpur, Ludhiana, Punjab; and stock, including, textile goods situated at our Company's facility situated inside OWML premises, G.T. Road, Sherpur, Ludhiana,

Foreign operations

Our Company did not export any products during the three months ended June 30, 2014. We earned export revenue of ₹ 13.42 million, ₹ 24.34 million and ₹ 10.87 million during fiscal 2014, fiscal 2013 and fiscal 2012. The export sale is on account of outright sale to the franchised '*Monte Carlo Exclusive Brand Outlets*' in Dubai and Nepal. Accordingly, India is considered as the only reportable geographical segment for our business operations. For details, see "***Financial Statements – Annexure 5 – Statement of Notes to Restated Summary Statements of the Company***" on page 178.

Competition

While we believe that there are no listed companies in India which are engaged in the same business with an equivalent product mix as our Company, we compete directly with wholesalers and direct retailers of apparel, diversified apparel companies with substantial market share, established companies selling internationally renowned brands, as well as against domestic retailers and regional unorganized competitors in the apparel industry. Many of our competitors are large apparel companies with strong brand recognition. However, the domestic apparel segment is fragmented and continues to be dominated by unorganised and regional suppliers. We compete primarily on the basis of brand image, style, performance and quality. We believe that in order to compete effectively, we must continue to maintain our brand image and reputation, be flexible and innovative in responding to rapidly changing market demands and consumer preferences, and offer consumers a wide variety of high quality apparel at competitive prices.

Many of our competitors, specifically the international brands, have significant competitive advantages, including longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. The number of our direct competitors and the intensity of competition may increase as we expand into other product lines or as other companies expand into our product lines. Our competitors may enter into business combinations or alliances that strengthen their competitive positions or prevent us from taking advantage of such combinations or alliances. Our competitors also may be able to respond more quickly and effectively than we can to new or changing opportunities, standards or consumer preferences, which could result in a decline in our revenues and market share.

REGULATIONS AND POLICIES IN INDIA

The following is an overview of the important laws, regulations and policies which are relevant to our business in India. The description of law, regulations and policies set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.

Except as otherwise specified in this Red Herring Prospectus, taxation statutes such as the Income Tax Act, 1961 and Central Sales Tax Act, 1956, various labour laws and other miscellaneous laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

*For information on regulatory approvals obtained by us, see "**Government and Other Approvals**" on page 245.*

LABOUR RELATED LEGISLATIONS

The Factories Act, 1948, ("Factories Act")

The Factories Act seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. It applies to industries in which (i) 10 or more than 10 workers are employed on any day of the preceding 12 months and are engaged in the manufacturing process being carried out with the aid of power, or (ii) 20 or more than 20 workers are employed in the manufacturing process being carried out without the aid of power. Each State has enacted rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Factories 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. The Factories Act also provides for imposition of fines and imprisonment of the manager and occupier of the factory in case of any contravention of the provisions of the Factories Act.

Shops and Establishment Acts

Shops and Establishment Acts are state legislations that seek to govern and regulate the working conditions of workers/ employees employed in shops and commercial establishments within that state. Every shop or commercial establishment is required to register itself under the relevant state's shop and establishment act, as per the procedure laid down therein.

Additionally, the labour laws and regulations as set forth below would apply to our Company due to the nature of our business activities.

- Employee's Compensation Act, 1923
- Payment of Gratuity Act, 1972
- Payment of Bonus Act, 1965
- Maternity Benefit Act, 1961
- Minimum Wages Act, 1948
- The Employees State Insurance Act, 1948
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Payment of Wages Act, 1936
- Industrial Disputes Act, 1947
- Contract Labour (Regulation and Abolition) Act, 1970

ENVIRONMENTAL LEGISLATIONS

The Environment Protection Act, 1986 ("**Environment Protection Act**"), Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") and the Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**") provide for the prevention, control and abatement of pollution. Pollution control boards have been constituted in all states in India to exercise the authority and powers provided for under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant state pollution control boards for emissions and discharge of effluents into the environment. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 ("**Hazardous Wastes Rules**") impose an obligation on every occupier of a facility generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Every occupier and operator of the 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.

The Environmental Impact Assessment Notification dated September 14, 2006 read with notification dated December 1, 2009 and April 4, 2011, issued under the Environmental Protection Act and the Environment (Protection) Rules, 1986, requires prior approval of the Ministry of Environment and Forests, GoI if any new project in certain specified areas is proposed to be undertaken. To obtain environmental clearance, a no-objection certificate must first be obtained from the applicable regulatory authority. The environment clearance (for commencement of the project) is valid for up to 30 years for mining projects and five years for all other projects and activities. This period of validity may be extended by the concerned regulator for up to five years.

The Public Liability Insurance Act, 1991 (the "**Public Liability Act**") imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

TEXTILE RELATED SCHEMES AND POLICIES

National Textile Policy, 2000 ("NTP 2000")

The NTP 2000 aims at facilitating the growth of the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. This objective is sought to be achieved by liberalising controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment. One of the key focus areas of the NTP 2000 is on the implementation, in a time bound manner, of the Technology Upgradation Fund Scheme ("**TUFS**") covering all manufacturing segments of the industry, seeking to build world class state of the art manufacturing capabilities in conformity with environmental standards. Additionally, certain sector specific initiatives envisaged under the NTP 2000 include raw materials, clothing, exports, and knitting. The GoI constituted an expert level committee in December 2013 to review the NTP 2000 and to formulate a new textile policy to address concerns of adequate skilled work force, labour reforms, attracting investments in the textile sector and for providing a future road map for the textile and clothing industry.

TUFS

The Ministry of Textiles, GoI, had initially launched the TUFS for the textile, jute and cotton ginning and pressing industries for a five-year period from April 1, 1999 to March 31, 2004. Subsequently, the TUFS has been extended for the twelfth five year plan period (financial year 2012 to 2017), with a total budget outlay of ₹ 119,000 million with a primary focus on powerlooms.

The scheme aims at providing capital for modernisation of Indian textile industry, by leveraging investments in technology upgradation in the textiles and jute industry. The TUFS provides for interest reimbursement of 5% on the interest charged by a lending agency for financing of a project of technology upgradation in conformity with the TUFS scheme. However for spinning machinery the coverage provided is 4% for new stand alone/replacement/modernisation of spinning machinery; and 5% for spinning units with matching capacity in weaving/ knitting/processing/garmenting. TUFS also provides for 6% interest reimbursement and 15% capital subsidy for specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles.

The TUFS was introduced with the primary objective of making available funds to the domestic textile industry for technology upgradation of existing units and as well as to set up new units with state of the art technology for sustaining and improving the competitiveness and overall long term viability of the textile industry. This objective is sought to be achieved by providing a focal point for modernization efforts through technology upgradation in the Indian textile industry and make available adequate capital from banks and financial institutions for modernization, at internationally comparable rates of interest.

Integrated Processing Development Scheme

The Integrated Processing Development Scheme seeks to address environmental concerns of the textile industry, including improving the effluent infrastructure. This scheme has received approval of the Cabinet Committee on Economic Affairs, GoI and is proposed to be implemented during the twelfth five year plan and has an outlay of ₹ 5,000 million.

INTELLECTUAL PROPERTY LEGISLATIONS

Trade Marks Act, 1999

The Trade Marks Act, 1999 (the "**Trade Marks Act**") provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement for commercial purposes as a trade description. Application for registration of a trademark is to be made to the Controller-General of Patents, Designs and Trade Marks who acts as 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 compounds among others. It also provides for penalties for infringement, falsifying and falsely applying for trademarks.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on July 1, 2008 in Ludhiana, Punjab, India under the Companies Act 1956 as a public limited company, under the name 'Monte Carlo Fashions Limited' with the RoC. Our Company received its certificate for commencement of business on July 28, 2008.

Our Company was incorporated as a subsidiary of OWML. Subsequently, pursuant to the scheme of arrangement and demerger with OWML as approved by the Punjab and Haryana High Court, through an order dated May 20, 2011, the business carried out by OWML, comprising the processes of manufacturing, buying, selling, and dealing in knitted and hosiery garments, woollen garments, cotton garments, franchisee network and other businesses were transferred from OWML to our Company, with effect from April 1, 2011 and our Company ceased to be a subsidiary of OWML. For details of the scheme of arrangement and demerger, see " – ***Scheme of Arrangement and Demerger***" on page 126.

Our Company has 110 equity shareholders, as on the date of filing of this Red Herring Prospectus. For further information, see "***Capital Structure***" on page 59.

Changes in Registered and Corporate Office

The Registered and Corporate Office of our Company is situated at G.T. Road, Sherpur, Ludhiana 141 003, Punjab, India. There has been no change in the Registered and Corporate Office of our Company since its incorporation.

Major Events

Calendar Year	Event
2008	Incorporation of our Company
2011	Scheme of arrangement and demerger with OWML
2012	Private equity investment by Samara Capital Partners Fund I Limited, through its subsidiary KIL, in our Company
	Forayed into women's apparel with the introduction of the apparel range '*Alpha*'
2013	Forayed into kids wear segment with the introduction of the apparel range '*Tweens*', in the men's premium wear segment with the introduction of the apparel range '*Platine*' and in the men's economy wear segment with the introduction of the apparel range '*Cloak and Decker*'
	Expanded our manufacturing facility pursuant to the commencement of operations at our new manufacturing facility situated at G.T. Road, Sherpur, Ludhiana
2014	In-house manufacture of cotton apparel at our old manufacturing facility situated at G.T. Road, Sherpur, Ludhiana

Awards, certifications and recognitions

Calendar Year	Award/Certification/Recognition
2011	ISO 9001:2008 issued by Det Norske Veritas for design, manufacture and supply of knitted garments for our facility situated at 231, Industrial Area A, Ludhiana, for the period November 8, 2011 to October 30, 2014
2012	Recognized as a 'Superbrand' for woollen knitted apparel in each edition of Consumer Superbrands India
2013	'Woolmark' issued by the Woolmark Company for use on accessories (glovers, hats, ties, scarves, shawls) and knitted garments (stocks, stockings, tights, sweater, cardigans, waistcoat, underwear) for the period July 1, 2013 to June 30, 2014

Our Main Object

The main object of our Company as contained in our Memorandum of Association is as follows:

To carry on as importers and exporters, of all kinds of yarns and textiles, wholesale and retail dealers, marketers, processors, as principals, as agents, as licensees or as Franchise of Garments, textile Goods, Hosiery Goods, of all kinds of cloth, Cotton Goods and readymade goods of every kind.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of amendment	Details
November 21, 2013	The other objects of the MoA were amended, by deleting Clauses 31, 48 and 49, to reflect the business of the Company and to enable our Company to comply with the conditions as prescribed under the then Consolidated FDI Policy.

Other details regarding our Company

Details regarding the description of our activities, the growth of our Company, exports, technological and managerial competence, the standing of our Company with reference to the prominent competitors with reference to its products, management, major suppliers and customers, segment, capacity/facility creation, location of manufacturing facilities, marketing, competition and foreign operations

See "***Our Business***" and "***Our Management***" on pages 105 and 129, respectively.

Injunction or restraining order, if any, with possible implications

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

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, if any

Scheme of Arrangement and Demerger

Our Company and OWML filed a Scheme of Arrangement and Demerger and Reorganization of Capital (Company Petition No. 44 of 2011) ("**Scheme of Arrangement and Demerger**") before the Punjab and Haryana High Court for its approval, under sections 391 to 394 of the Companies Act 1956. Our Company and OWML also filed a connected company petition (No. 16 of 2011), before the Punjab and Haryana High Court, for issuance of directions or orders for holding meetings of the equity shareholders and creditors of OWML and for dispensing with the requirement of holding a meeting of the then equity shareholders and creditors of our Company, which was allowed by the Punjab and Haryana High Court. The Scheme of Arrangement and Demerger was sanctioned by the Punjab and Haryana High Court by an order dated May 20, 2011, with effect from April 1, 2011, and was subsequently filed with the RoC on August 4, 2011.

The salient features of the Scheme of Arrangement and Demerger are as follows:

(i) the business carried out by OWML, comprising the processes of manufacturing, buying, selling, and dealing in knitted and hosiery garments, woollen garments, cotton garments, franchisee network and other businesses carried out at its units 5, 6, and 7 and also from its registered office (the "**Demerged Business**") were transferred from OWML to our Company on a going concern basis;
(ii) all assets, liabilities properties and duties, in connection with the Demerged Business, including the trademarks and trade names relating to the Demerged Business were transferred by OWML to our Company;
(iii) all contracts, deeds, arrangements and bonds in relation to the Demerged Business were made effective on or against or in favour of our Company as if instead of OWML, our Company had been a party thereof;
(iv) all consents, permissions, licenses, certificates, clearances in respect of the Demerged Business were transferred by OWML to our Company;
(v) all preceding legal or other proceedings by or against OWML, involving the Demerged Business were transferred to our Company; and
(vi) our Company had undertaken to engage all employees of OWML employed in relation to the Demerged Business, without interruption of services and on terms and conditions not less favourable than those on which they were previously engaged by OWML.

Pursuant to the Scheme of Arrangement and Demerger, our Company allotted 8,665,000 Equity Shares on August 10, 2011 to the shareholders of OWML in the ratio of 35 Equity Shares of our Company for every 100 equity shares held in OWML. In addition, 50,000 Equity Shares of our Company, held by OWML, either directly or through its nominees, were transferred to the shareholders of OWML against their entitlement.

Except as disclosed above, our Company has neither acquired any entity, business or undertakings nor undertaken any mergers, amalgamation and revaluation of assets.

Capital raising activities through equity and debt

See the section titled "***Capital Structure***" on page 59, for a listing of our equity issues. For a description of our Company's debt facilities, see "***Financial Indebtedness***" on page 204.

Changes in the activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years which may have had a material effect on the profits and loss account of our Company including discontinuance of lines of business, loss of agencies or markets and similar factors. However, our Company was incorporated as a subsidiary of OWML and subsequently, pursuant to the scheme of arrangement and demerger with OWML as approved by the Punjab and Haryana High Court, through an order dated May 20, 2011, the business carried out by OWML, comprising the processes of manufacturing, buying, selling, and dealing in knitted and hosiery garments, woollen garments, cotton garments, franchisee network and other businesses were transferred from OWML to our Company, with effect from April 1, 2011. For detail of the scheme of arrangement and demerger, see " - ***Scheme of Arrangement and Demerger***" on page 126.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

There have been no defaults or rescheduling of borrowings with financial institutions or banks. Further, none of our loans have been converted into Equity Shares.

Lock outs and strikes

There have been no lock outs or strikes at any of the manufacturing units of our Company.

Time and cost overruns

There has been no time or cost overrun in the setting up of any of our manufacturing facilities of our Company.

Holding Company, Subsidiaries and Joint Ventures

As on the date of this Red Herring Prospectus, our Company does not have any holding company, subsidiaries or joint ventures.

Collaboration Agreements

As on the date of this Red Herring Prospectus, our Company is not a party to any collaboration agreements.

Material Agreements

Except as described in this section, we have not entered into any material contract, not being a contract entered into in the ordinary course of the business carried out on or intended to be carried on by us or a contract entered into more than two years before the filing of this Red Herring Prospectus.

A. Shareholder Agreements

Share subscription cum shareholders agreement dated May 10, 2012, as amended on July 1, 2014, amongst KIL, our Company, our individual Promoters, Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, and members of our Promoter Group, Nagdevi Trading and Investment Company Limited ("NTICL"), Nahar Capital and Financial Services Limited ("NCFSL"), AGFPL, and Girnar Investment Limited ("GIL") (the "KIL SHA")

Pursuant to the KIL SHA, KIL subscribed to 2,873,564 Equity Shares of our Company, in the aggregate amount of ₹ 1,250 million. Under the KIL SHA, KIL acquired certain preferential rights, including tag-along rights and the right of first refusal in the event of a proposed transfer of shares by NTICL or NCFSL or AGFPL or GIL (collectively, the "**SHA Key Shareholders**") or our individual Promoters. Further, KIL has the right to nominate Directors on our Board in proportion to its shareholding, subject to a minimum of one Director.

Certain reserved matters relating to our Company require KIL's prior written consent, including: (i) any amendment to the Memorandum and Articles of Association; (ii) changes to capital structure; (iii) creation of subsidiaries/joint ventures/partnerships or any other form of legal entities or any strategic/financial/other alliance; (iv) any merger, scheme amalgamation, sale of substantial assets or any other form of restructuring; (v) registration/approval of transfer of Equity Shares held by the individual Promoters or the SHA Key Shareholders and creation of any charge or encumbrance on the Equity Shares; (vi) related party transactions, other than existing relationships for raw material sourcing and contract manufacture; (vii) any material deviations from the agreed annual budget; and (viii) change/appointment of the managing director or the chief financial officer of our Company.

However, in accordance with the terms of the KIL SHA, upon successful completion of an initial public offering and subsequent listing of Equity Shares on the stock exchanges, the special rights granted to KIL under the KIL SHA will stand extinguished, except the provisions in relation to non-compete (described below), which shall continue to be in force as long as KIL holds at least 5% of the equity share capital of our Company or the expiry of the second anniversary of the initial public offering, whichever is earlier.

Pursuant to this KIL SHA, our individual Promoters and the SHA Key Shareholders have undertaken that they will not (either directly or through their affiliates) initiate, expand, develop or acquire any interest or get involved in any activity related or similar to our Company's existing or proposed business activities, unless such activity is carried out either through our Company or a wholly owned subsidiary of our Company. Further, Mr. Jawahar Lal Oswal has agreed to ensure that he will not, and will ensure that Ms. Monica Oswal and Ms. Ruchika Oswal will not, participate as a promoter or employee, in any similar or competing business of any body corporate, other than the businesses existing as on the date of the KIL SHA.

Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Ms. Abhilash Oswal, Mr. Sambhav Oswal, Mr. Abhinav Oswal, Mr. Rishabh Oswal, Ms. Manisha Oswal, Ms. Ritu Oswal, NTICL (collectively, the "**KIL Sellers**"), our Company and KIL also entered into the share purchase agreement purchase agreement dated May 10, 2012, pursuant to which the KIL Sellers had agreed to sell and KIL had agreed to purchase 1,149,426 Equity Shares of our Company held by the KIL Sellers, constituting 5.29% of the then equity share capital, on a fully diluted basis, in the aggregate amount of ₹ 500 million.

B. Material Contracts

As at the date of this Red Herring Prospectus, our Company is not a party to any material agreements which have not been entered into in the ordinary course of business.

Strategic and Financial Partners

As on the date of this Red Herring Prospectus, our Company does not have any strategic or financial partners.

OUR MANAGEMENT

Our Articles of Association require us to have not less than three and not more than 20 Directors. We presently have 12 Directors on our Board, which includes, four executive Directors, one non-executive, non-independent Director, six independent Directors and one Director nominated by KIL. KIL has also nominated an alternate Director for our nominee Director. Our Board includes four women Directors as on the date of this Prospectus.

Set forth below are the details regarding our Board as on the date of this Red Herring Prospectus:

Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
Mr. Jawahar Lal Oswal **Designation**: Chairman and Managing Director **Occupation**: Industrialist **Term**: Five years with effect from August 10, 2011, i.e., August 9, 2016 **DIN**: 00463866	71	514, College Road, Civil Lines, Ludhiana 141 001, Punjab, India	*Indian public limited companies* 1. J.L. Growth Fund Limited; 2. Nagdevi Trading and Investments Company Limited; 3. Nahar Capital and Financial Services Limited; 4. Nahar Industrial Enterprises Limited; 5. Nahar Poly Films Limited; 6. Nahar Spinning Mills Limited; 7. Oswal Woollen Mills Limited; and 8. Sankheshwar Holding Company Limited. *Indian private limited companies* 1. Abhilash Growth Fund Private Limited; 2. Monica Growth Fund Private Limited; 3. Nahar Growth Fund Private Limited; 4. Neha Credit and Investments Private Limited; and 5. Ruchika Growth Fund Private Limited. *Foreign companies* 1. Crown Star Limited (United Kingdom)
Ms. Monica Oswal **Designation**: Executive Director **Occupation**: Service **Term**: Five years with effect from August 10, 2011, i.e., August 9, 2016 **DIN**: 00566052	42	A 65, New Friends Colony, New Delhi 110 065, Delhi, India	*Indian public limited companies* 1. Atam Vallabh Financiers Limited; 2. Girnar Investment Limited; 3. Sidhant and Mannat Company Limited; 4. Simran and Shanaya Company Limited; and 5. Vardhman Investments Limited. *Indian private limited companies* 1. Monica Growth Fund Private Limited
Ms. Ruchika Oswal **Designation**: Executive Director **Occupation**: Service **Term**: Five years with effect from August 10, 2011, i.e., August 9, 2016	42	514/2, College Road, Civil Lines, Ludhiana 141 001, Punjab, India	*Indian public limited companies* 1. Girnar Investment Limited; 2. Sidhant and Mannat Company Limited; and 3. Simran and Shanaya Company Limited. *Indian private limited companies*

Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
DIN: 00565979			1. Ruchika Growth Fund Private Limited
Mr. Sandeep Jain **Designation**: Executive Director **Occupation**: Service **Term**: Five years with effect from August 1, 2012, i.e., July 31, 2017 **DIN**: 00565760	42	514/2, College Road, Civil Lines, Ludhiana 141 001, Punjab, India	*Indian public limited companies* 1. Oswal Woollen Mills Limited; and 2. Vanaik Spinning Mills Limited.
Mr. Dinesh Gogna **Designation**: Non-executive, non-independent Director **Occupation**: Professional **Term**: Liable to retire by rotation **DIN**: 00498670	61	H. No. 30 H, Bhai Randhir Singh Nagar, Ludhiana 141 001, Punjab, India	*Indian public limited companies* 1. Cotton County Retail Limited; 2. Girnar Investment Limited; 3. Nahar Capital and Financial Services Limited; 4. Nahar Industrial Enterprises Limited; 5. Nahar Poly Films Limited; 6. Nahar Spinning Mills Limited; 7. Oswal Leasing Limited; and 8. Oswal Woollen Mills Limited. *Foreign companies* 1. Crown Star Limited (United Kingdom)
Mr. Paurush Roy **Designation**: Nominee Director of KIL **Occupation**: Professional **Term**: In accordance with the KIL SHA, which entitles KIL to nominate a Director on our Board that will fall away upon successful completion of the IPO and listing of the Equity Shares, pursuant to the KIL SHA **DIN**: 03038347	40	D-801, Ashok Towers, Dr B. R. Ambedkar Road, Parel, Mumbai 400 012, Maharashtra, India	*Indian public limited companies* 1. Cogencis Information Services Limited; and 2. Sharekhan Limited *Indian private limited companies* 1. Human Value Developers Private Limited; 2. Samara India Advisors Private Limited; and 3. Thriveni Earthmovers Private Limited.
Dr. Sailen Kumar Chaudhuri **Designation**: Independent Director **Occupation**: Professional **Term**: Five years with effect from April 1, 2014, i.e., March 31, 2019 **DIN**: 01021930	67	B-304, Kenwood Tower, Charmwood Village, Faridabad 121 009, Haryana, India	Nil
Dr. Yash Paul Sachdeva	52	702 HJ, Bhai Randhir Singh	*Indian public limited companies*

Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
Designation: Independent Director **Occupation**: Professor **Term**: Five years with effect from April 1, 2014, i.e., March 31, 2019 **DIN**: 02012337		Nagar, Ludhiana 141 012, Punjab, India	1. Cotton County Retail Limited; 2. Nahar Capital and Financial Services Limited; 3. Nahar Industrial Enterprises Limited; 4. Nahar Poly Films Limited; 5. Nahar Spinning Mills Limited; and 6. Oswal Spinning and Weaving Mills Limited.
Dr. Vandana Bhandari **Designation**: Independent Director **Occupation**: Professor **Term**: Five years with effect from April 1, 2014, i.e., March 31, 2019 **DIN**: 06841653	51	203 and 204, Pragati House, 47 and 48, Nehru Place, New Delhi 110 017, Delhi, India	Nil
Mr. Ajit Singh Chatha **Designation**: Independent Director **Occupation**: Service - Retired **Term**: Five years with effect from April 1, 2014, i.e., March 31, 2019 **DIN**: 02289613	78	No. 540, Sector 8B, Chandigarh 160 001, Chandigarh, India	*Indian public limited companies* 1. Cotton County Retail Limited; 2. Indian Acrylics Limited; 3. J. Kumar Infra Projects Limited; 4. Nahar Industrial Enterprises Limited; 5. Steel Strips Wheels Limited; and 6. Worldwide Immigration Consultancy Services Limited.
Dr. Suresh Kumar Singla **Designation**: Independent Director **Occupation**: Professor **Term**: Five years with effect from June 27, 2014, i.e., June 26, 2019 **DIN**: 00403423	64	119-C, Kitchlu Nagar Nagar, Ludhiana 141 001, Punjab, India	*Indian public limited companies* 1. Nahar Capital and Financial Services Limited; 2. Nahar Poly Films Limited; 3. Nahar Spinning Mills Limited and 4. Oswal Woollen Mills Limited.
Dr. Manisha Gupta **Designation**: Independent Director **Occupation**: Professor **Term**: Five years with effect from June 27, 2014, i.e., June 26, 2019 **DIN**: 06910242	35	270, Suncity, Amloh Road, Khanna, Ludhiana 141 401, Punjab, India	Nil

All our Directors are Indian nationals. Mr. Jawahar Lal Oswal is the father of Ms. Monica Oswal and Ms. Ruchika Oswal. Mr. Sandeep Jain is the husband of Ms. Ruchika Oswal. None of our other Directors are related to each other. Mr. Gautam Gode, aged 46 years, DIN - 01709758, residing at 139, Madan Lal Block, Asian Games Village, Delhi 110 049, Delhi, India, has been appointed as an alternate director to Mr. Paurush Roy, our Nominee Director, in accordance with the KIL SHA.

Brief Profile of our Directors

Mr. Jawahar Lal Oswal, aged 71 years, is our Chairman and Managing Director and has been involved with our Company since incorporation. He holds a bachelor's degree in commerce from the Commercial University Limited, New Delhi. He has more than 50 years of experience in the textile and woollen industry. At the time of joining our Company in 2008, he was the chairman and managing director on the board of directors of OWML. He presently continues to hold such position at OWML and is also the chairman on the board of directors of NSML, **NIEL**, NPFL and NCFSL. He has been awarded the 'Punjab Ratan' at the Punjab State Intellectual's Conference in 2003 by the All India Conference of Intellectuals, the 'Udyog Ratna Award' by the PHD Chamber of Commerce and Industry in 2005, the 'LMA-Sat Paul Mittal Life Time Achievement Award' by the Ludhiana Management Association in 2012 and the 'Achievers of the North' by the Economic Times in 2013. He was appointed as Chairman on our Board on July 7, 2008 and as our Managing Director with effect from August 10, 2011.

Ms. Monica Oswal, aged 42 years, is an Executive Director of our Company. She has more than 14 years of experience in retail and administration. Prior to joining our Company in 2010, she was involved with OWML and NSML. She joined our Board with effect from October 30, 2010.

Ms. Ruchika Oswal, aged 42 years, is an Executive Director of our Company. She holds a bachelor's degree in commerce from the Government College for Women, Punjab University. She has more than 14 years of experience in the field of manufacturing and administration. Prior to joining our Company in 2010, she has worked with OWML. She joined our Board with effect from October 30, 2010.

Mr. Sandeep Jain, aged 42 years, is an executive Director of our Company. He holds a bachelor's degree in pharmacy from the Dr. H.L. Thimmegowda College of Pharmacy, Bangalore University and a diploma in export management from the Foreign Trade Promotion Centre, Ludhiana. Prior to joining our Company in 2008, he has worked with OWML as the vice president and an executive director. He joined our Board with effect from July 7, 2008.

Mr. Dinesh Gogna, aged 61 years, is a non-executive, non-independent Director of our Company. He holds a bachelor's degree in law from University Studies in Law, Jaipur, University of Rajasthan. He has more than 35 years of experience in the field of corporate finance and taxation. Prior to joining our Company in 2008, he has held various positions in OWML. He joined our Board with effect from July 7, 2008.

Mr. Paurush Roy, aged 40 years, is a nominee Director of our Company, nominated by KIL. He holds a bachelor's degree in engineering (civil) from University of Roorkee (presently the Indian Institute of Technology, Roorkee) and a post graduate diploma in management from the Indian Institute of Management Society, Lucknow. He joined our Board with effect from June 5, 2012, in accordance with the terms of the KIL SHA.

Dr. Sailen Kumar Chaudhuri, aged 67 years, is an independent Director of our Company. He holds a bachelor's degree in technology (textiles) from University of Calcutta, a master's degree in technology (textiles) from Indian Institute of Technology, Delhi and a Ph.D. from University of Manchester on a national scholarship programme of the GoI. He is a fellow member of the Institute of Engineers (India) and a chartered member of the Textile Institute, Manchester. He has over 29 years of experience in the textile industry. Prior to joining our Company in 2014, he has worked with various institutions including Australian Wool Innovation Limited (which merged with the Woolmark Company), Modi Carpets Limited, Bombay Dyeing & Manufacturing Company Limited and Tirupati Woollen Mills Limited. He is currently the chairman of the India National Office of the Textile Institute, Manchester. He has been awarded 'Shawl Ratan Life Time Achievement' by the Shawl Club, India in 2000, certificate of honour for 'Distinguished Services to the Indian Woollen Industry' by the Indian Woollen Mills Federation in 1999, and 'Wool Ratan' by Wool Club, India. He joined our Board with effect from March 21, 2014.

Dr. Yash Paul Sachdeva, aged 52 years, is an independent Director of our Company. He holds a bachelor's degree in science (agriculture), a master's degree in business administration and a Ph.D. in business administration from the Punjab Agricultural University, Ludhiana. He joined our Board with effect from March 21, 2014.

Dr. Vandana Bhandari, aged 51 years, is an independent Director of our Company. She holds a bachelor's degree in science (honours) home science from University of Delhi, a master's degree in textile and clothing from Maharaja Sayajirao University, Baroda and Ph.D. in textiles from the University of Delhi. She joined our Board with effect from March 21, 2014.

Mr. Ajit Singh Chatha, aged 78 years, is an independent Director of our Company. He has previously been a part of the Indian Administrative Services. He joined our Board with effect from March 21, 2014.

Dr. Suresh Kumar Singla, aged 64 years, is an independent Director of our Company. He holds a bachelor's degree in science (mathematics) and a master's degree in economics from Punjab University, Chandigarh. He also holds a post graduate diploma in business management from Punjab Agricultural University, Ludhiana. He joined our Board with effect from June 27, 2014.

Dr. Manisha Gupta, aged 35 years, is an independent Director of our Company. She holds a bachelor's degree in commerce from the Government College for Women, Punjab University, Ludhiana, a master's degree in business administration and a Ph.D in management from Punjab Technical University, Jalandhar. She has over 13 years of experience in the field of academics. She is presently a director at Punjab Institute of Management and Technology. She joined our Board with effect from June 27, 2014.

Further Confirmations

None of our Directors is or was a director of any listed companies during the five years immediately preceding the date of filing of the Draft Red Herring Prospectus and until date, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such companies.

None of our Directors is or was a director on any listed companies which have been or were delisted from any stock exchange during the term of their directorship in such companies. Mr. Jawahar Lal Oswal is a director on the board of Sankeshwar Holding Company Limited, which has made an application dated June 17, 2014, to the Delhi Stock Exchange for voluntary de-listing.

Compensation of our Directors

Set forth below is the remuneration received by our Directors in fiscal 2014.

S. No.	Name of Director	Remuneration paid in fiscal 2014 (in ₹ million)
1.	Mr. Jawahar Lal Oswal	Nil*
2.	Ms. Monica Oswal	6.13
3.	Ms. Ruchika Oswal	6.10
4.	Mr. Sandeep Jain	10.78
5.	Mr. Dinesh Gogna	0.01
6.	Mr. Paurush Roy	Nil*
7.	Dr. Sailen Kumar Chaudhuri	0.01
8.	Dr. Yash Paul Sachdeva	0.01
9.	Dr. Vandana Bhandari	Nil
10.	Mr. Ajit Singh Chatha	0.01
11.	Dr. Suresh Kumar Singla	Nil**
12.	Dr. Manisha Gupta	Nil**
	Total	**23.05**

**Mr. Jawahar Lal Oswal and Mr. Paurush Roy waived their remuneration/sitting fee for fiscal 2014.*
***Dr. Suresh Kumar Singla and Dr. Manisha Gupta joined our Board in fiscal 2015.*

Our Company has not entered into any service contract with any Director providing for benefits upon termination of directorship. Further, since our Company does not have any subsidiaries or associate companies as on the date of filing of this Red Herring Prospectus, our Directors have received remuneration only from our Company.

Terms and conditions of employment of our whole-time Directors

Mr. Jawahar Lal Oswal

Mr. Jawahar Lal Oswal was appointed as the Chairman on Juy 7, 2008 and as the Managing Director of our Company for a period of five years with effect from August 10, 2011, at the meeting of our Board held on August 10, 2011 and confirmed by our shareholders at their meeting held on September 5, 2011. He is entitled to a remuneration of ₹ 1.20 million per month, as well as perquisites including house rent allowance at 50% of the basic salary or rent free accommodation, leave travel allowance, membership fee in any two clubs not being admission fee and life membership fee, medical re-imbursement including medical insurance premium, personal accident insurance coverage and contribution to provident fund, superannuation fund and gratuity in accordance with applicable law. Further, he is entitled to a commission of 2.50% of the net profits, computed in accordance with the Companies Act, 1956.

Ms. Monica Oswal

Ms. Monica Oswal was appointed as an executive Director of our Company for a period of five years with effect from August 10, 2011, at the meeting of our Board held on August 10, 2011 and confirmed by our shareholders at their meeting held on September 5, 2011. Pursuant to a resolution of our Board dated September 5, 2014, Ms. Monica Oswal's salary was revised with effect from August 1, 2014. She is entitled to a remuneration of ₹ 0.38 million per month, as may be revised by our Board from time to time, but not exceeding ₹ 0.80 million per month. Further, she is entitled to perquisites including house rent allowance at 30% of the basic salary or rent free accommodation, leave travel allowance, membership fee in any two clubs not being admission fee and life membership fee, medical re-imbursement including medical insurance premium, personal accident insurance coverage and contribution to provident fund, superannuation fund and gratuity in accordance with applicable law and provision of cars and telephones. Further, she is entitled to receive a bonus in accordance with the rules of our Company.

Ms. Ruchika Oswal

Ms. Ruchika Oswal was appointed as an executive Director of our Company for a period of five years with effect from August 10, 2011, at the meeting of our Board held on August 10, 2011 and confirmed by our shareholders at their meeting held on September 5, 2011. Pursuant to a resolution of our Board dated September 5, 2014, Ms. Ruchika Oswal's salary was revised with effect from August 1, 2014. She is entitled to a remuneration of ₹ 0.38 million per month, as may be revised by our Board from time to time, but not exceeding ₹ 0.80 million per month. Further, she is entitled to perquisites including house rent allowance at 30% of the basic salary or rent free accommodation, leave travel allowance, membership fee in any two clubs not being admission fee and life membership fee, medical re-imbursement including medical insurance premium, personal accident insurance coverage and contribution to provident fund, superannuation fund and gratuity in accordance with applicable law and provision of cars and telephones. Further, she is entitled to receive a bonus in accordance with the rules of our Company.

Mr. Sandeep Jain

Mr. Sandeep Jain was appointed as an executive Director of our Company for a period of five years with effect from August 1, 2012, at the meeting of our Board held on August 10, 2012 and confirmed by our shareholders at their meeting held on September 27, 2012. Pursuant to a resolution of our Board dated September 5, 2014, Mr. Sandeep Jain's salary was revised with effect from August 1, 2014. He is entitled to a remuneration of ₹ 0.70 million per month, as may be revised by our Board from time to time, but not exceeding ₹ 0.80 million per month. Further, he is entitled to perquisites including house rent allowance at 30% of the basic salary or rent free accommodation, leave travel allowance, membership fee in any two clubs not being admission fee and life membership fee, medical re-imbursement including medical insurance premium, personal accident insurance coverage and contribution to provident fund, superannuation fund and gratuity in accordance with applicable law and provision of cars and telephones. Further, he is entitled to receive a bonus in accordance with the rules of our Company.

Sitting Fees

Pursuant to a resolution of our Board dated March 21, 2014, our non-executive Directors are entitled to receive sitting fees of ₹ 10,000 for attending each meeting of our Board.

Borrowing Powers of our Board

Our Articles of Association, subject to applicable law, authorize our Board to raise or borrow money or secure the payment of any sum or sums of money for the purposes of our Company. Pursuant to a special resolution passed at our annual general meeting dated September 30, 2014, our shareholders authorized our Board to borrow from time to time such sums of money as may be required, provided that such amount shall not exceed ₹ 5,000 million.

Corporate Governance

The provisions of the Equity Listing Agreements to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the Equity Listing Agreements with the Stock Exchanges and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board is constituted in compliance with the provisions of the Companies Act, 2013 and the Equity Listing Agreements. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

As on date, our Board has 12 Directors, of which four Directors are women and six are independent Directors.

Committees of our Board

Our Board has constituted the following committees including those for compliance with corporate governance requirements:

a. Audit Committee

Our Audit Committee was constituted pursuant to resolution of our Board dated December 27, 2011 and last re-constituted on September 5, 2014. The Audit Committee comprises:

1. Mr. Suresh Kumar Singla (Independent Director)- *Chairman*
2. Dr. Yash Paul Sachdeva (Independent Director)- *Member*;
3. Dr. Manisha Gupta (Independent Director)- *Member*;
4. Dr. Sailen Kumar Chaudhuri (Independent Director) – *Member*
5. Mr. Dinesh Gogna – *Member*; and
6. Mr. Paurush Roy – *Member*.

Set forth below are the scope, functions and the terms of reference of our Audit Committee, in accordance with Section 177 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreements.

A. Powers of Audit Committee

The Audit Committee shall have powers, including the following:

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

B. Role of Audit Committee

The role of the Audit Committee shall include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon 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; and
  (g) Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 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;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval of any subsequent modification of transactions of the company with related parties; *Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 49(VII) of the Listing Agreements.*
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the functioning of the whistle blower mechanism/vigil mechanism;
- 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 and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Further, the Audit Committee shall mandatorily review the following information:

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

As required under the Equity Listing Agreements, 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 two members present, or one third of the members, whichever is greater, provided that there should be a minimum of two independent directors present.

b. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted pursuant to a resolution of our Board dated August 10, 2012 and was last reconstituted by a resolution of our Board dated June 27, 2014. The Stakeholders' Relationship Committee comprises:

1. Mr. Dinesh Gogna – *Chairman*
2. Mr. Sandeep Jain – *Member*;
3. Mr. Paurush Roy – *Member*; and
4. Dr. Yash Paul Sachdeva – *Member*.

Set forth below are the terms of reference of our Stakeholders' Relationship Committee.

- Consideration and redressal of grievances of the security holders of the Company, including complaints in respect of transfer of shares, non-receipt of declared dividends, balance sheets of the Company, etc.;
- Approval of transfer or transmission of equity shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

The Stakeholders Relationship Committee shall report on quarterly basis to the Board, regarding the status of redressal of complaints received from the shareholders of our Company, for review thereof and publication along with the quarterly un-audited financial results, pursuant to the requirements of Clause 41 of the Equity Listing Agreements. The quorum shall be two members present.

c. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted pursuant to a resolution of our Board dated August 10, 2012 and was last re-constituted pursuant to a resolution of our Board dated June 27, 2014. The Nomination and Remuneration Committee comprises:

1. Dr. Yash Paul Sachdeva (Independent Director) – *Chairman*
2. Dr. Suresh Kumar Singla – (Independent Director) - *Member*;
3. Mr. Dinesh Gogna – *Member*; and
4. Mr. Paurush Roy – *Member*.

Set forth below are the terms of reference of our Nomination and Remuneration Committee.

- 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;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity; and
- 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 quorum of the Nomination and Remuneration Committee shall be two members present.

*d. Corporate Social Responsibility Committee ("**CSR Committee**")*

The CSR Committee was constituted pursuant to a resolution of our Board dated September 5, 2014. The CSR Committee comprises:

1. Mr. Jawahar Lal Oswal (*Chairman*);
2. Mr. Dinesh Gogna (*Member*); and

3. Dr. Yash Paul Sachdeva (*Member*).

Set forth below are the terms of reference of the CSR Committee:

- Formulate and recommend to our Board, a corporate social responsibility policy, which shall indicate the activities to be undertaken by the Company as per Schedule VII of the Companies Act, 2013;
- Review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- Monitor the corporate social responsibility policy of our Company from time to time; and
- Any other matter as the CSR Committee may deem subject to the approval of our Board or as may be directed by our Board from time to time.

e. Purchasing Committee

The Purchasing Committee was constituted pursuant to a resolution of our Board dated August 10, 2012. The Purchasing Committee comprises the following Directors:

1. Mr. Sandeep Jain; and
2. Mr. Paurush Roy

The terms of reference of the Purchasing Committee include monitoring all purchases made by our Company and ensuring the most competitive terms for such purchases. The objective of the Purchasing Committee is encouraging transparency in our Company's purchases of all types of raw material and other related material.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares. As on date of filing of this Red Herring Prospectus, except the following, none of our Directors hold any Equity Shares of our Company:

Name of Directors	Number of Equity Shares (Pre-Offer)	Percentage (in %)
Mr. Jawahar Lal Oswal	820,253	3.77
Ms. Monica Oswal	1,050	0.01
Ms. Ruchika Oswal	1,050	0.01
Total	**822,353**	**3.79**

Interest of our Directors

Our executive Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered as a Director of our Company and reimbursement of expenses payable to them. For details, see "- ***Details of terms and conditions of employment of our whole-time Directors***" above. Further, our non-Executive Directors are entitled to receive sitting fees for attending meetings of our Board within the limits laid down in the Companies Act and as decided by our Board. Mr. Jawahar Lal Oswal, Ms. Monica Oswal and Ms. Ruchika Oswal are interested to the extent of being Promoters of our Company. For more information, see "***Our Promoters and Group Companies***" on page 143.

Further, except for as disclosed under " – ***Shareholding of Directors in our Company***" above, none of our Directors hold any Equity Shares in our Company. Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer. Further, our Directors (except those forming part of our Promoter Group) may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to them, out of the present Offer. Such 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.

Further, pursuant to sale deed dated October 13, 2011, our Company has acquired land situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana, from OWML for an aggregate consideration of ₹ 112.80 million. Mr. Jawahar Lal Oswal, is one of the promoters of OWML. For details see "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198.

Our Company has also executed certain lease deeds with our Group Companies, OWML and NSML, for use of certain premises owned by them as godowns, warehouses, factory space and showrooms. For details see "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198.

Except as disclosed above, our Directors confirm that they have no interest in any property acquired by our Company during the last two years from the date of filing of this Red Herring Prospectus or proposed to be purchased by our Company.

Except as stated in the "***Financial Statements***" on page 166, our Directors do not have any other interest in the business of our Company.

Our Directors do not have any relatives who have been appointed to a place or office of profit in our Company.

Bonus or Profit Sharing Plan for our Directors

None of our Directors are a party to any bonus or profit sharing plan.

Changes in our Board during the Last Three Years

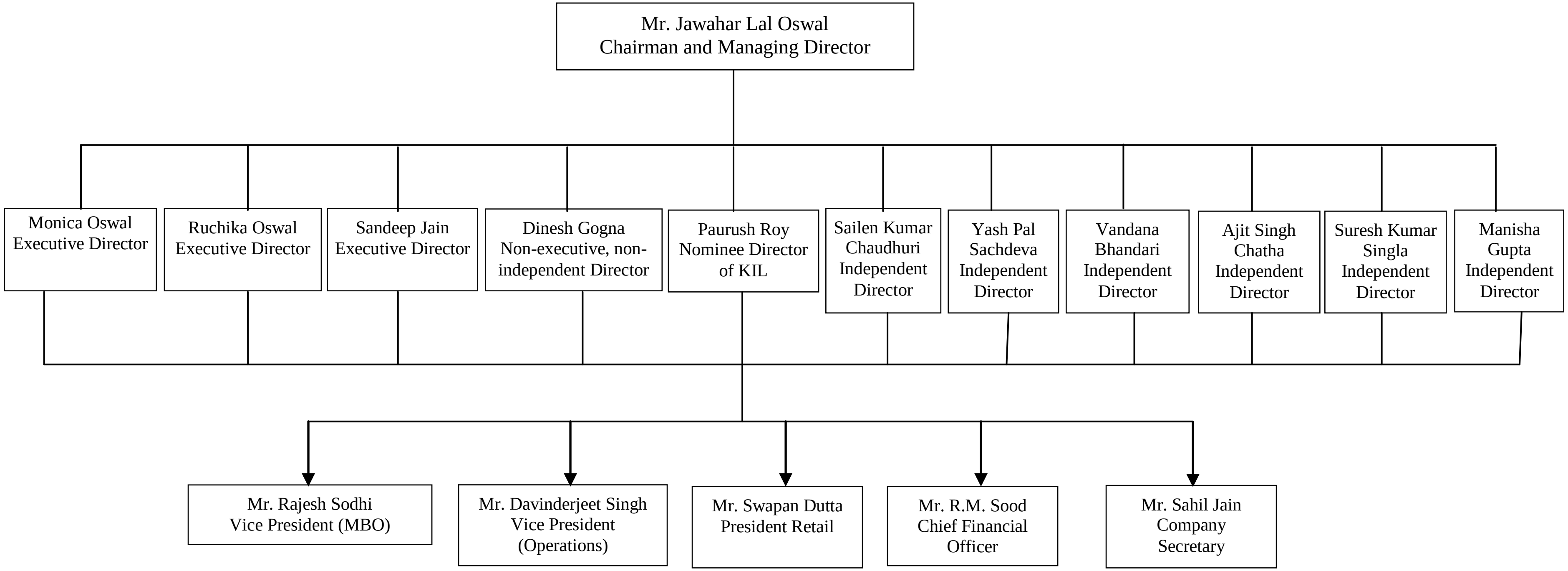
The changes in our Board during the last three years are as follows:

Name of Director	Date of appointment	Date of cessation	Reason
Mr. Rukmesh Mohan Sood	August 10, 2011	January 1, 2014	Resignation
Mr. Kamal Oswal	July 7, 2008	March 21, 2014	Resignation
Mr. Dinesh Oswal	July 7, 2008	March 21, 2014	Resignation
Mr. Paurush Roy	June 5, 2012	-	Appointment
Dr. Sailen Kumar Chaudhuri	March 21, 2014	-	Appointment
Dr. Yash Paul Sachdeva	March 21, 2014	-	Appointment
Dr. Vandana Bhandari	March 21, 2014	-	Appointment
Mr. Ajit Singh Chatha	March 21, 2014	-	Appointment
Dr. Suresh Kumar Singla	June 27, 2014	-	Appointment
Dr. Manisha Gupta	June 27, 2014	-	Appointment

**Mr. Gautam Gode was appointed as an alternate Director to our Nominee Director on June 5, 2012.*

Management Organization Structure

Set forth is the organization structure of our Company.



Our Key Managerial Personnel

Set forth below are the details of our key managerial personnel as on the date of filing of this Red Herring Prospectus.

Mr. Rukmesh Mohan Sood, aged 65 years, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from Government College, Punjab University, Ludhiana, and is a qualified chartered accountant. He has over 40 years of experience in field of finance and accounts. He joined our Company as the Chief Financial Officer on January 1, 2014. Prior to joining our Company, he served OWML as finance controller. He received a gross remuneration of ₹ 0.58 million in fiscal 2014.

Mr. Swapan Dutta, aged 51 years is the President - Retail of our Company. He holds a bachelor's degree in political science from the University of Delhi and a post graduate diploma in international business from Apeejay Institute of Management, New Delhi. He has over 10 years of experience in field of marketing strategy and operations. He joined our Company on March 7, 2011. Prior to joining our Company, he worked with Images Retail Intelligence Services and Giovani India Limited and Pepe Jeans India Limited. He received a gross remuneration of ₹ 2.42 million in fiscal 2014.

Mr. Devinderjeet Singh, aged 41 years, is the Vice-President (Operation) of our Company. He holds a master's degree in science (anthropology) from Punjab University, Chandigarh. He has over 18 years of experience in field of marketing. He joined OWML on January 7, 2002, and pursuant to the Scheme of Arrangement and Demerger was transferred to our Company. Prior to joining our Company, he worked with Omnicare Specialties Private Limited, Dai-Chi Laboratories, Kopran Limited and Bharat Serums & Vaccines Private Limited. He received a gross remuneration of ₹ 1.25 million in fiscal 2014.

Mr. Sahil Jain, aged 28 years, is the Company Secretary of our Company. He is a qualified company secretary and holds a bachelor's degree in commerce from Kurukshetra University, Haryana and a post graduate diploma in business administration from Symbiosis Centre for Distance Learning, Pune. He has over two years of experience in secretarial functions. He joined our Company on September 1, 2011. He received a gross remuneration of ₹ 0.38 million in fiscal 2014.

Mr. Rajesh Sodhi, aged 46 years, is the Vice-President (MBO) of our Company. He joined our Company on August 1, 2012. He received a gross remuneration of ₹ 1.43 million in fiscal 2014.

All our key managerial personnel are permanent employees of our Company.

Subject to certain exceptions, typically the term of office of our employees, including our key managerial personnel, is until the attainment of 58 years of age.

None of our key managerial personnel are related to each other or to any of our Directors.

Shareholding of the Key Managerial Personnel

None of our key managerial personnel hold any Equity Shares of our Company.

Bonus or Profit Sharing Plan for our Key Managerial Personnel

There is no bonus or profit sharing plan for our key managerial personnel.

Interest of Key Managerial Personnel

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

Our key managerial personnel may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to them, pursuant to this Offer. Such key managerial personnel 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.

None of our key managerial personnel has been paid any consideration of any nature, other than their remuneration.

Changes in Key Managerial Personnel in the Last Three Years

Set forth below are the changes in our key managerial personnel in the last three years:

Name	Date of Change	Reason
Mr. Rukmesh Mohan Sood	January 1, 2014	Appointment
Mr. Rajesh Sodhi	August 1, 2012	Appointment

Payment or Benefit to officers of our Company

Except as stated otherwise in this Red Herring Prospectus and any statutory payments made by our Company, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company's officers except remuneration of services rendered as Directors, officers or employees of our Company.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made by our Company towards provident fund, gratuity fund and employee state insurance.

Except as stated in the "***Financial Statements***" on page 166, none of the beneficiaries of loans and advances and sundry debtors are related to our Company, our Directors or our Promoters.

Arrangements and Understanding with Major Shareholders

None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others, except for our nominee Director, Mr. Paurush Roy, and his alternate Director, Mr. Gautam Gode, nominated by KIL pursuant to the terms of the KIL SHA. For details on the KIL SHA, see "***History and Certain Corporate Matters***" on page 125.

OUR PROMOTERS AND GROUP COMPANIES

Our Promoters are Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Ms. Monica Oswal, Ms. Ruchika Oswal, SMCL and SSCL.

As on the date of this Red Herring Prospectus, Mr. Jawahar Lal Oswal holds 820,253 Equity Shares, Mr. Kamal Oswal holds 196,401 Equity Shares, Mr. Dinesh Oswal holds 553,975 Equity Shares, Ms. Monica Oswal holds 1,050 Equity Shares, Ms. Ruchika Oswal holds 1,050 Equity Shares, SMCL holds 4,404,000 Equity Shares and SSCL holds 4,404,000 Equity Shares, which, in aggregate, constitutes 47.76% of our pre-Offer paid-up Equity Share capital. Our Promoters and Promoter Group will continue to hold the majority of our post-Offer paid-up Equity Share capital.

Details of our individual Promoters

Mr. Jawahar Lal Oswal

Mr. Jawahar Lal Oswal, aged 71 years, is our Chairman and Managing Director and has been involved with our Company since incorporation. He holds a bachelor's degree in commerce from the Commercial University Limited, New Delhi. He has more than 50 years of experience in the textile and woollen industry. At the time of joining our Company in 2008, he was the chairman and managing director on the board of directors of OWML. He presently continues to hold such position at OWML and is also the chairman on the board of directors of NSML, NIEL, NPFL and NCFSL. He has been awarded the 'Punjab Ratan' at the Punjab State Intellectual's Conference in 2003 by the All India Conference of Intellectuals, the 'Udyog Ratna Award' by the PHD Chamber of Commerce and Industry in 2005, the 'LMA-Sat Paul Mittal Life Time Achievement Award' by the Ludhiana Management Association in 2012 and the 'Achievers of the North' by the Economic Times in 2013.

For further details, see "***Our Management***" on page 129.

His voter's identification number is SDU0465351.
His driving license number is 0066088.

Mr. Kamal Oswal

Mr. Kamal Oswal, aged 51 years, is an industrialist and has been associated with our Company since incorporation. He holds a bachelor's degree in commerce from SC Dhawan Government College, Punjab University. He has more than 29 years of experience in the textile industry. He is presently the vice chairman and managing director of NIEL and joint managing director of OWML and has in the past held various positions in our Group Companies. He has been appointed as an 'Industrial Advisor' to the Chief Minister, Punjab with a rank equivalent to that of a Cabinet Minister.

Residential Address: 514, College Road, Civil Lines, Ludhiana, 141 001, Punjab, India.

Other Directorships: He is a member of the board of directors of NIEL, OWML, NSML, NPFL, NCFSL, Nahar Industrial Infrastructure Corporation Limited, Oswal Leasing Limited, Vardhman Investments Limited, Sankeshwar Holding Company Limited, Cotton County Retail Limited, Abhilash Growth Fund Private Limited, Nahar Growth Fund Private Limited, Neha Credit and Investment Private Limited, and Crown Star Limited (United Kingdom).

His voter's identification number is GKC1060052.
His driving license number is PB-1020040166161.

Mr. Dinesh Oswal

Mr. Dinesh Oswal, aged 48 years, is an industrialist and has been associated with our Company since incorporation. He holds a bachelor's degree in commerce from SC Dhawan Government College, Punjab University. He has more than 28 years of experience in the textile industry. He is presently the managing director of both NSML and NCFSL and has in the past held various positions in our Group Companies.

Residential Address: 514, College Road, Civil Lines, Ludhiana, 141 001, Punjab, India.

Other Directorships: He is a member of the board of directors of NIEL, OWML, NSML, NPFL, NCFSL, Nahar Industrial Infrastructure Corporation Limited, Vardhman Investments Limited, Vanaik Investors Limited, Atam Vallabh Financiers Limited, Abhilash Growth Fund Private Limited and Crown Star Limited (United Kingdom).

His driver's license number is 0024747/REN
He does not hold a voter's identification card.

Ms. Monica Oswal

Ms. Monica Oswal, aged 42 years, is an executive Director of our Company. She has more than 14 years of experience in retail and administration. Prior to joining our Company in 2010, she was involved with OWML and NSML.

For further details, see "***Our Management***" on page 129.

Her voter's identification number is HDS0604850. She does not hold a driver's license.

Ms. Ruchika Oswal

Ms. Ruchika Oswal, aged 42 years, is an executive Director of our Company. She holds a bachelor's degree in commerce from the Government College for Women, Punjab University. She has more than 14 years of experience in the field of manufacturing and administration. Prior to joining our Company in 2010, she has worked with OWML.

For further details, see "***Our Management***" on page 129.

She does not hold a voter's identification card or a driver's license.
Her passport number is H8523217.

We confirm that the PAN, bank account numbers and passport numbers of Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Ms. Monica Oswal and Ms. Ruchika Oswal have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

Details of our corporate Promoters

SMCL

SMCL was incorporated on August 13, 2012, as a public limited company, under the Companies Act 1956 with the Registrar of Companies, National Capital Territory of Delhi and Haryana and received its certificate of commencement of business on September 14, 2012. SMCL is primarily engaged in the business of trading and investment in securities and its registered office is situated at 105, Ashoka Estate, 24 Barakhamba Road, New Delhi 110 001, India. Its corporate identification number is U51909DL2012PLC240125.

GIL, a company incorporated on June 24, 1972 under the Companies Act 1956, is the promoter of SMCL. There has been no change in control or management of SMCL since its incorporation.

As on the date of this Red Herring Prospectus, the equity shares of SMCL are not listed on any stock exchange in India or abroad.

Shareholding Pattern

Set forth below is the shareholding pattern of SMCL as on the date of this Red Herring Prospectus.

Name of Shareholder	Number of Shares	% of Shareholding
Girnar Investment Limited	925,494	100.00
Mr. Jawahar Lal Oswal*	1	0.00
Mr. Kamal Oswal*	1	0.00
Mr. Dinesh Oswal*	1	0.00
Mr. Sandeep Jain*	1	0.00
Mr. Dinesh Gogna*	1	0.00
Mr. Sat Paul Nijhawan*	1	0.00
Total	**925,500**	**100.00**

**Nominees of GIL*

Board of Directors

As on the date of this Red Herring Prospectus, the board of directors of SMCL comprises:

Name of Director	Designation
Ms.Abhilash Oswal	Director
Ms. Ruchika Oswal	Director
Ms. Monica Oswal	Director
Mr. Komal Jain	Director

Natural Persons in control of SMCL

The natural persons in control of SMCL are Mr. Jawahar Lal Oswal, Ms. Monica Oswal, and Ms. Ruchika Oswal. Mr. Jawahar Lal Oswal is also the promoter of GIL, which is the holding company of SMCL.

Financial Information

Set forth below are the audited financial results of SMCL for fiscal 2014 and for the period August 13, 2012 to March 31, 2013.

(₹ in million except per share data)

	Fiscal 2014	August 13, 2012 to March 31, 2013
Equity capital	9.26	9.26
Reserves and surplus (excluding revaluation)	(0.29)	(0.27)
Total Income	0.01	0.00
Profit/(Loss) after tax	(0.02)	(0.27)
Earnings per share (₹) (Basic)	(0.02)	(4.63)
Earnings per share (₹) (Diluted)	(0.02)	(4.63)
Net asset value per share (₹)	9.69	9.71

SSCL

SSCL was incorporated on August 17, 2012, as public limited company, under the Companies Act 1956 with the Registrar of Companies, National Capital Territory of Delhi and Haryana and received its certificate of commencement of business on September 13, 2012. SSCL is primarily engaged in the business of trading and investment in securities and its registered office is situated at 105, Ashoka Estate, 24, Barakhamba Road, New Delhi 110 001, India. Its corporate identification number is U51909DL2012PLC240365.

NTICL, a company incorporated on May 30, 1980 under the Companies Act 1956, is the promoter of SSCL. There has been no change in control or management of SSCL since incorporation.

As on the date of this Red Herring Prospectus, the equity shares of SSCL are not listed on any stock exchange in India or abroad.

Shareholding Pattern

Set forth below is the shareholding pattern of SSCL as on the date of this Red Herring Prospectus.

Name of Shareholder	Number of Shares	% of Shareholding
Nagdevi Trading and Investment Company Limited	482,194	100.00
Mr. Jawahar Lal Oswal*	1	0.00
Mr. Kamal Oswal*	1	0.00
Mr. Dinesh Oswal*	1	0.00
Mr. Sandeep Jain*	1	0.00
Mr. Dinesh Gogna*	1	0.00
Mr. Navdeep Sharma*	1	0.00
Total	**482,200**	**100.00**

**Nominees of Nagdevi Trading and Investment Company Limited*

Board of Directors

As on the date of this Red Herring Prospectus, the board of directors of SSCL comprises:

Name of Director	Designation
Ms. Abhilash Oswal	Director
Ms. Ruchika Oswal	Director
Ms. Monica Oswal	Director
Mr. Komal Jain	Director

Natural Persons in Control of SSCL

The natural person in control of SSCL is Mr. Jawahar Lal Oswal who is also the promoter of NTICL, which is the holding company of SSCL.

Financial Information

Set forth below are the audited financial results of SSCL for fiscal 2014 and the period August 17, 2012 to March 31, 2013.

(₹ in million except per share data)

	Fiscal 2014	August 17, 2012 to March 31, 2013
Equity capital	4.82	4.82
Reserves and surplus (excluding revaluation)	(0.21)	(0.20)
Total Income	0.02	0.00
Profit/(Loss) after tax	(0.01)	(0.20)
Earnings per share (₹) (Basic)	(0.02)	(4.79)
Earnings per share (₹) (Diluted)	(0.02)	(4.79)
Net asset value per share (₹)	9.57	9.58

We confirm that the PAN, bank account numbers, company registration number and the address of the registrar of companies where our corporate Promoters are registered will be submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus with them.

Interest of our Promoters

Our Promoters are interested in our Company to the extent of their shareholding in our Company and any dividend distribution that may be made by our Company in the future. For details pertaining to our Promoters' shareholding, see "***Capital Structure***" on page 59. Mr Jawahar Lal Oswal, Ms. Monica Oswal and Ms. Ruchika Oswal are also interested to the extent they are Directors of our Company as well as any remuneration or reimbursement of expenses payable to them. For details pertaining to the remuneration paid to our Directors, see "***Our Management***" on page 129. Also see "***Our Promoters and Group Companies – Other Confirmation – Common Pursuits***" on page 163.

Further, pursuant to a sale deed dated October 13, 2011, our Company has acquired land situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana, from OWML for an aggregate consideration of ₹ 112.80 million. Mr. Jawahar Lal Oswal, Mr. Kamal Oswal and Mr. Dinesh Oswal are the promoters of OWML. For details, see "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198.

Our Company has also executed certain lease deeds with our Group Companies, OWML and NSML, for use of certain premises owned by them as godowns, warehouses, factory space and showrooms. In addition, our Company has also entered into certain commercial arrangements with certain of our Group Companies, including procurement of woollen yarn and denim fabric from OWML, and outsourcing manufacturing of some of our cotton and cotton-blended products to Nahar Spinning Mills Limited and Cotton County Retail Limited. For details see "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198.

Except as disclosed above, our Promoters and Group Companies confirm that they have no interest in any property acquired by our Company during the two years preceding the date of filing of this Red Herring Prospectus or in any transaction in acquisition of land, construction of building and supply of machinery, etc. None of our Promoters are interested as a member of a firm or company, and no sum has been paid or agreed to be paid to any of our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by such Promoter(s) or by such firm or company in connection with the promotion or formation of our Company.

Group Companies

Set forth below are brief details of our Group Companies:

Sr. No.	Name	Brief description of business	Percentage shareholding of the Promoters (%)
1.	Oswal Leasing Limited	Engaged in investment and lending activities and is registered as a non-deposit accepting non-banking financial company ("**NBFC-ND**") with the RBI.	Our Promoters do not hold any equity shares directly. 25.98% of the equity share capital is held indirectly by our Promoters and members of our Promoter Group and the remaining equity share capital is held by the public.
2.	Sankheshwar Holding Company Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our individual Promoters directly hold 5.22% of the equity share capital, 75.29% of the equity share capital is held indirectly by our Promoters and members of our Promoter Group and the remaining equity share capital is held by the public.
3.	NSML	Engaged in the business of manufacturing yarn and fabric as well as the manufacture of readymade garments as a job work entity.	Our Promoters directly hold 0.20% of the equity share capital, 64.62% is held indirectly by our Promoters and members of our Promoter Group and the remaining equity share capital is held by the public.
4.	Nahar Industrial Enterprises Limited ("**NIEL**")	Engaged in the business of manufacture of yarn, fabric and sugar.	Our Promoters directly hold 1,324 equity shares, amounting to 0.00% of the equity share capital, 67.62% is held indirectly by our Promoters and members of our Promoter Group and the remaining equity share capital is held by the public.
5.	NCFSL	Engaged in investment activities and development of real estate and is registered as an NBFC-ND with the RBI.	Our Promoters hold 0.14% of the equity share capital directly, 70.22% of the equity share capital is held indirectly by our Promoters and members of our Promoter Group and the remaining equity share capital is held by the public.

Sr. No.	Name	Brief description of business	Percentage shareholding of the Promoters (%)
6.	Nahar Poly Films Limited (“**NPFL**”)	Engaged in the business of manufacture of packaging material, including bi-axially oriented polypropylene films.	Our Promoters directly hold 0.57% of the equity share capital, 68.71% is held indirectly by our Promoters and members of our Promoter Group and the remaining equity share capital is held by the public.
7.	KITCL	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 3.58% of the equity share capital, 71.38% of the equity share capital is held indirectly by our Promoters and members of our Promoter Group and the remaining equity share capital is held by the public.
8.	Nahar Financial and Investment Limited	Engaged in investment and lending activities.	Our Promoters directly hold 10.05% of the equity share capital, 89.22% of the equity share capital is held indirectly by our Promoters and members of our Promoter Group and the remaining equity share capital is held by the public.
9.	OWML	Engaged in the manufacture of woollen and cotton yarn and denim cloth, operating solar and wind power plants and development of real estate.	Our Promoters directly hold 3.14% of the equity share capital, 96.30% of the equity share capital is held indirectly by our Promoters and members of our Promoter Group and the remaining equity share capital is held by the public.
10.	Cotton County Retail Limited	Engaged in trading in fabrics and retail trading of apparel under the ‘cotton county’ brand in the economy segment.	Our Promoters directly hold 5.58% of the equity share capital and the remaining equity share capital is held indirectly by our Promoters and by members of our Promoter Group.
11.	Vanaik Spinning Mills Limited	Engaged in manufacturing yarns, trading in fibres.	Our Promoters directly hold 29.40% of the equity share capital and the remaining equity share capital is held indirectly by our Promoters and members of our Promoter Group.
12.	Nahar Industrial Infrastructure Corporation Limited	Not engaged in any business activities but is authorised to engage in the business of establishment, maintenance, control and management of industrial estates, parks and areas.	Our Promoters directly hold 59.57% of the equity share capital and the 39.44% share capital is held indirectly by our Promoters and members of our Promoter Group.
13.	NTICL	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 67.08% of the equity share capital and the remaining equity share capital is held indirectly by our Promoters and members of our Promoter Group.
14.	J.L. Growth Fund Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 32.94% of the equity share capital and the remaining equity share capital is held indirectly by our Promoters and members of our Promoter Group.
15.	Atam Vallabh Financiers Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 12.11% of the equity share capital and the remaining equity share capital is held indirectly by our Promoters and members of our Promoter Group.
16.	GIL	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 99.96% of the equity share capital and the remaining equity share capital is held indirectly by our Promoters and members of our Promoter Group.
17.	Vanaik Investors Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 99.36% of the equity share capital and the remaining equity share capital is held indirectly by our Promoters and members of our Promoter Group.
18.	Palam Motels Limited	Engaged in investment and lending	Our Promoters do not hold any equity shares

Sr. No.	Name	Brief description of business	Percentage shareholding of the Promoters (%)
		activities and is registered as an NBFC-ND with the RBI.	directly. The entire equity share capital is indirectly held by our Promoters and members of our Promoter Group.
19.	White Tiger Breweries and Distilleries Limited	Engaged in investment and lending activities.	Our Promoters do not hold any equity shares directly. The entire shareholding is held indirectly by our Promoters and members of our Promoter Group.
20.	Vardhaman Investments Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 10.17% of the equity share capital and the remaining is held indirectly by our Promoters and members of our Promoter Group.
21.	Shri Atam Fabrics Limited	Engaged in investment and lending activities.	Our Promoters do not hold any equity shares directly. The entire shareholding is held indirectly by our Promoters and members of our Promoter Group.
22.	Abhilash Growth Fund Private Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 98.36% of the equity share capital and the remaining equity share capital is held indirectly by our Promoters and members of our Promoter Group.
23.	Vigil Investment Private Limited	Engaged in investment and lending activities.	Our Promoters directly hold 0.02% of the equity share capital and the remaining equity share capital is indirectly held by our Promoters and members of our Promoter Group.
24.	Cabot Trading and Investment Company Private Limited	Engaged in the investments and lending activities and in trading in commodities.	Our Promoters directly hold 6.70% of the equity share capital and the remaining equity share capital is indirectly held by our Promoters and members of our Promoter Group.
25.	Ruchika Growth Fund Private Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 99.95% of the equity shares capital and the remaining equity share capital is indirectly held by our Promoters and by members of our Promoter Group.
26.	Monica Growth Fund Private Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters directly hold 83.33% of the equity shares capital and the remaining equity share capital is indirectly held by our Promoters and by members of our Promoter Group.
27.	Nahar Growth Fund Private Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters do not hold any equity shares directly. The entire shareholding is indirectly held by our Promoters and members of our Promoter Group.
28.	Neha Credit and Investment Private Limited	Engaged in investment and lending activities and is registered as an NBFC-ND with the RBI.	Our Promoters do not hold any equity shares directly. The entire shareholding is indirectly held by our Promoters and members of our Promoter Group.
29.	Bermuda Insurance Brokers Private Limited	Engaged in investment and lending activities and is licensed as an insurance broker.	Our Promoters hold two equity shares directly. The remaining equity share capital is indirectly held by our Promoters and members of our Promoter Group.
30.	Hug Foods Private Limited ("**HFPL**")	Engaged in the manufacture and sale, through its outlets, of food products including frozen yoghurt.	Our Promoters directly hold 14.45% of the equity share capital and the remaining is indirectly held by our Promoters and members of our Promoter Group.
31.	Retailerkart E-Venture Private Limited ("**REPL**")	Engaged in business-to-business whole sale of economy range garments through e-commerce portal.	Our Promoters directly hold 100.00% of the share capital.
32.	Marble E-retail Private Limited	Engaged in retail sale of fashion apparel and products through e-commerce portal koovs.com	Our Promoters directly hold 50.00% of the equity share capital and the remaining is held by members of our Promoter Group.
33.	Crown Star Limited	Engaged in investing activities.	Our Promoters directly hold 50.78% of the

Sr. No.	Name	Brief description of business	Percentage shareholding of the Promoters (%)
	(United Kingdom)		equity share capital and the remaining equity share capital is held by members of our Promoter Group.

Top five Group Companies

Following are the details of our top five listed Group Companies on the basis of market capitalisation, determined one month preceding the date of this Red Herring Prospectus.

1. Nahar Spinning Mills Limited

NSML was incorporated on December 16, 1980 under the Companies Act 1956. The registered office of NSML is situated at 373, Industrial Area A, Ludhiana 141 003, Punjab, India. The corporate identification number of NSML is L17115PB1980PLC004341. NSML is currently engaged in the business of manufacturing yarn and fabric and as well as the manufacture of readymade garments.

The equity shares of NSML are presently listed on the BSE and the NSE since March 23, 2007.

Shareholding Pattern

Set forth below is the shareholding pattern of NSML as on September 30, 2014.

Category	Category Shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a %age of (A+B)	As a %age of (A+B+C)	Number of shares	As a %age
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	**Promoter and Promoter Group**							
1)	Indian							
(A)	Individuals/Hindu Undivided Family	5	87,591	87,591	0.243	0.243	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	18	23,291,834	23,291,834	64.582	64.582	-	
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
2)	Foreign	-	-	-	-	-	-	-
(A)	Individuals (Non Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	Sub – Total (A) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	23	23,379,425	23,379,425	64.825	64.825	-	-
(b)	Public Shareholding	-	-	-	-	-	N.A.	N.A.
1)	Institutions	-	-	-	-	-	N.A.	N.A.
(A)	Mutual Funds/UTI	17	7,666	3,129	0.021	0.021	-	-
	Financial Institutions/ Banks	31	3,474	1,385	0.010	0.010	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital	-	-	-	-	-	-	-

Category	Category Shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
	Funds							
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	2	600	0	0.002	0.002	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)							
	Sub-Total (B) (1)	50	11,740	4,514	0.033	0.033	-	-
2)	Non-Institutions	-	-	-	-	-	-	-
(A)	Bodies Corporate	745	1,536,847	1,524,595	4.261	4.261	-	-
(b)	Individuals							
	xxi. Individual shareholders holding nominal share capital upto Rs.1 lakh	38,707	8,876,755	7,101,040	24.613	24.613	-	-
	xxii. Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	37	2,165,553	2,165,553	6.005	6.005	-	-
(c)	Any Other (specify)							
	N.R.I.	141	93,632	86,628	0.260	0.260	-	-
	Directors and their * Relatives	1	22	0	0.000	0.000	-	-
	Trust	4	1,129	1,129	0.003	0.003	-	-
	OCB	1	200	0	0.001	0.001	-	-
	Sub – Total (B)(2)	39,636	12,674,138	10,878,945	35.142	35.142	-	-
	Total Public Shareholding							
	(B)=(B) (1) + (B) (2)	39,686	12,685,878	10,883,459	35.175	35.175	-	-
	Total (A) + (B)	39,709	36,065,303	34,262,884	100.000	100.000	-	-
(C)	Shares held by Custodians and against which Depo- sitory Receipts have been issued	-	-	-	-	-	-	-
	(1) Promoter and Promoter Group	Nil	Nil	Nil	Nil	Nil	-	-
	(2) Public	Nil	Nil	Nil	Nil	Nil	-	-
	Grand Total (A)+(B)+(C)	39,709	36,065,303	34,262,884	100.000	100.000	-	-
	* Mr. Dinesh Oswal is Managing Director and Mr. Kamal Oswal is Director of the company. Ms, Ruchika Oswal, Ms. Abhilash Oswal and Ms. Monica Oswal are relatives of Mr. Dinesh Oswal and Mr. Kamal Oswal. Further they are also promoters of the company and their holding of shares have been included under the Promoter Category.							

Financial Performance

Set forth below are the audited financial results of NSML for fiscals 2014, 2013 and 2012.

(₹ in million except per share data)

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Equity capital	180.53	180.53	180.53
Reserves and surplus (excluding revaluation)	7,454.39	6,043.54	5,307.12
Total Income	22,111.51	19,694.06	17,055.01
Profit/(Loss) after tax	1,457.54	783.94	(1,173.61)
Earnings per share (₹) (Basic)	40.29	21.59	(32.50)
Earnings per share (₹) (Diluted)	40.29	21.59	(32.50)
Net asset value per share (₹)	211.70	172.58	152.16

Highest and lowest market price during the preceding six months

Set forth below are the monthly high and low prices of the equity shares of NSML during the six months immediately preceding the date of this Red Herring Prospectus at the BSE and the NSE.

(in ₹)

Month	BSE		NSE	
	High	**Low**	**High**	**Low**
May 2014	125.00	98.30	124.90	99.00
June 2014	176.30	114.55	177.15	114.95
July 2014	164.50	133.15	164.90	132.30
August 2014	147.00	105.05	147.05	104.15
September 2014	118.50	98.50	118.50	97.00
October 2014	106.60	90.00	106.55	89.35

The closing price for NSML's shares as on October 31, 2014 on the BSE and the NSE is ₹ 103.00 and ₹ 103.15, respectively.

The market capitalisation of NSML as on October 31, 2014 on the BSE and the NSE is ₹ 3,714.73 million and ₹ 3,720.14 million, respectively.

There has been no change in the capital structure of NSML in the six months immediately preceding the date of this Red Herring Prospectus.

Public or Rights Issue in the last three years

NSML has not made any public or rights issue in the three years immediately preceding the date of this Red Herring Prospectus.

Promise v. performance

NSML has not completed any public or rights issue in the 10 years immediately preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

The board of directors of NSML has constituted a stakeholders' relationship committee comprising Dr. Harbhajan Kaur Bal (Chairperson), Dr. Amrik Singh Sohi and Mr. Satish Kumar Sharma, in accordance with Clause 49 of the listing agreements entered into with the stock exchanges to approve matters including looking into the complaints/ grievances of shareholders in respect of transfer of shares, non receipt of dividend or share certificates, and demat related matters. Mr. Brij Sharma is the compliance officer. NSML seeks to redress any complaints received as expeditiously as possible.

As of September 30, 2014, there were no investor complaints pending against NSML.

2. Nahar Industrial Enterprises Limited

NIEL was incorporated on September 27, 1983 under the Companies Act 1956 as "Oswal Fats and Oils Limited" and received a fresh certificate of incorporation consequent on change of name on October 21, 1994 for changing its name to "Nahar Industrial Enterprises Limited". The registered office of NIEL is located at Focal Point, Ludhiana 141 010, Punjab, India. The corporate identification number of NIEL is L15143PB1983PLC018321. NIEL is currently engaged in the business of manufacture of yarn, fabric and sugar.

The equity shares of NIEL are presently listed on the BSE, since April 1989 and on the NSE, since December 15, 2005.

Shareholding Pattern

Set forth below is the shareholding pattern of NIEL as on September 30, 2014.

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of(A+B)[1]	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	**Shareholding of Promoter and Promoter Group[2]**							
1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	2	1,324	1324	0.00	0.00	-	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	-	0.00
(c)	Bodies Corporate	14	27,137,877	27,137,877	68.13	68.13	-	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	-	0.00
(e)	Any Others(Specify)	-	-	-	0.00	0.00	-	0.00
	Sub Total(A)(1)	**16**	**27,139,201**	**27,139,201**	68.13	68.13	**0**	0.00
2	**Foreign**							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	0.00	0.00	-	0.00
b	Bodies Corporate	-	-	-	0.00	0.00	-	0.00
c	Institutions	-	-	-	0.00	0.00	-	0.00
d	Any Others(Specify)	-	-	-	0.00	0.00	-	0.00
	Sub Total(A)(2)	**0**	**0**	**0**	0.00	0.00	**0**	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**16**	**27,139,201**	**27,139,201**	68.13	68.13	**0**	0.00
(B)	**Public shareholding**							
1	**Institutions**							
(a)	Mutual Funds/ UTI	27	18,352	4,938	0.05	0.05	-	-
(b)	Financial Institutions / Banks	22	8,635	3,714	0.02	0.02	-	-
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	-	-
(d)	Venture Capital Funds	0	0	0	0.00	0.00	-	-
(e)	Insurance Companies	4	169,463	169,463	0.43	0.43	-	-
(f)	Foreign Institutional Investors	1	112	0	0.00	0.00	-	-
(g)	Foreign Venture Capital Investors	0	0	-	0.00	0.00	-	-
(h)	Any Other (specify)	-	-	-	0.00	0.00	-	-
(h-i)	NRI/OCB	5,600	311,907	48,109	0.78	0.78	-	-
	Sub-Total (B)(1)	**5,654**	**508,469**	**226,224**	1.28	1.28	-	-
B 2	**Non-institutions**							
(a)	Bodies Corporate	483	533,191	494,419	1.34	1.34	-	-
(b)	Individuals	-	-	-	0.00	0.00	-	-

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	77,227	6,563,774	3,267,091	16.48	16.48	-	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	61	5,090,506	5,090,506	12.78	12.78	-	-
(c)	Any Other (specify)	-	-	-	0.00	0.00	-	-
	Sub-Total (B)(2)	**77,771**	**12,187,471**	**8,852,016**	**30.59**	**30.59**	-	-
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**83,425**	**12,695,940**	**9,078,240**	**31.87**	**31.87**	-	-
	TOTAL (A)+(B)	**83,441**	**39,835,141**	**36,217,441**	**100.00**	**100.00**	-	
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**							
1	Promoter and Promoter Group	-	-	-	-	0.00	-	0.00
2	Public	-	-	-	-	0.00	-	-
	Sub-Total (C)	**0**	**0**	**0**		**0**	**0**	
	GRAND TOTAL (A)+(B)+(C)	**83,441**	**39,835,141**	**36,217,441**	-	**100.00**	**0**	**0.00**

Financial Performance

Set forth below are the audited financial results of NIEL for fiscals 2014, 2013 and 2012.

(₹ in million except per share data)

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Equity capital	400.34	400.34	400.34
Reserves and surplus (excluding revaluation)	6,009.12	5,363.56	4,991.41
Total Income	18,559.78	17,183.39	14,148.09
Profit/(Loss) after tax	692.48	418.45	(807.56)
Earnings per share (₹) (Basic)	17.38	10.50	(19.99)
Earnings per share (₹) (Diluted)	17.38	10.50	(19.99)
Net asset value per share (₹)	160.90	144.69	135.35

Highest and lowest market price during the preceding six months

Set forth below are the monthly high and low prices of the equity shares of NIEL during the six months immediately preceding the date of this Red Herring Prospectus, at the BSE and the NSE.

(in ₹)

Month	BSE		NSE	
	High	Low	High	Low
May 2014	77.70	52.25	76.30	55.20
June 2014	84.45	59.85	84.30	58.35
July 2014	83.00	68.00	83.00	67.50
August 2014	75.40	57.00	76.00	57.35
September 2014	74.00	60.00	71.00	59.35
October 2014	64.90	59.15	66.00	58.40

The closing price for NIEL's shares as on October 31, 2014 on the BSE and the NSE is ₹ 62.45 and ₹ 62.60, respectively.

The market capitalisation of NIEL as on October 31, 2014 on the BSE and the NSE is ₹ 2,487.70 million and ₹ 2,493.68 million, respectively.

There has been no change in the capital structure of NIEL in the six months immediately preceding the date of this Red Herring Prospectus.

Public or Rights Issue in the last three years

NIEL has not made any public or rights issue in the three years immediately preceding the date of this Red Herring Prospectus.

Promise v. performance

NIEL has not completed any public or rights issue in the 10 years immediately preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

The board of directors of NIEL has constituted a stakeholders relationship committee comprising Mr. Dinesh Gogna (Chairman), Mr. Kamal Oswal, Prof. Kanwar Sain Maini and Dr. Yash Paul Sachdeva, in accordance with Clause 49 of the listing agreements entered into with the stock exchanges to approve matters involving redressal of shareholders' and investors' complaints, including amongst others, non receipt of dividend on shares, non receipt of shares whether in demat form or physical form and non receipt of annual report. Mr. Mukesh Sood is the compliance officer. NIEL seeks to redress any complaints received as expeditiously as possible.

As on September 30, 2014, there were no investor complaints pending against NIEL.

3. *Nahar Capital and Financial Services Limited*

NCFSL was incorporated on March 31, 2006 under the Companies Act 1956. The registered office of NCFSL is situated at 375, Industrial Area A, Ludhiana 141 003, Punjab, India. The corporate identification number of NCFSL is U65990PB2006PLC29968. NCFSL is currently engaged in investment activities and development of real estate.

The equity shares of NCFSL are presently listed on the BSE and the NSE since March 11, 2008.

Shareholding Pattern

Set forth below is the shareholding pattern of NCFSL as on September 30, 2014.

Category	Category shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)**
(A)	**Promoter and Promoter Group**							
-1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	3	39,075	39,075	0.23	0.23	NIL	NIL

Cate-gory	Category shareholder	Number of share-holders	Total number of shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
(b)	Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c)	Bodies Corporate	17	11,742,730	11,742,730	70.12	70.12	NIL	NIL
(d)	Financial Institutions/ Banks	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e)	Any other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Sub–Total (A) (1)	**20**	**11,781,805**	**11,781,805**	**70.36**	**70.36**	NIL	NIL
-2	**Foreign**							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b)	Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c)	Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d)	Any other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Sub–Total (A) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**20**	**11,781,805**	**11,781,805**	**70.36**	**70.36**	NIL	NIL
(B)	**Public shareholding**							
-1	**Institutions**							
(a)	Mutual Funds/ UTI	10	5,430	1,600	0.03	0.03	NIL	NIL
(b)	Financial Institutions/ Banks	24	6,117	4,379	0.04	0.04	NIL	NIL
(c)	Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d)	Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e)	Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(f)	Foreign Institutional Investors	2	600	NIL	NIL	0.00	NIL	NIL
(g)	Foreign Venture Capital Investors	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(h)	Any other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Sub–Total (B) (1)	**36**	**12,147**	**5,979**	**0.10**	**0.10**	NIL	NIL
-2	**Non-Institutions**	-	-	-	-	-	NIL	NIL
(a)	Bodies Corporate	273	611,606	607,170	3.87	3.87	NIL	NIL
(b)	Individuals	-	-	-	-	-	NIL	NIL
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	13,678	3,674,620	3,181,645	21.92	21.92	NIL	NIL
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	11	596,483	596,483	3.08	3.08	NIL	NIL
(C)	Any other							
	1. N.R.I.	65	69,306	68,875	0.67	0.41	NIL	NIL

Cate-gory	Category shareholder	Number of share-holders	Total number of shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
	2. DIRECTORS AND THEIR RELATIVES	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	3. TRUST	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	4. OCB	1	200	NIL	0.00	0.00	NIL	NIL
	Sub-Total (B) (2)	**14,028**	**4,952,215**	**4,454,173**	**29.54**	**29.54**	NIL	NIL
	Total Public Shareholding (B) = (B) (1) + (B) (2)	**14,064**	**4,964,362**	**4,460,152**	**29.64**	**29.64**	**NIL**	**NIL**
	TOTAL (A) + (B)	**14,084**	**16,746,167**	**16,241,957**	**100.00**	**100.00**	**NIL**	**NIL**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1	Promoter and Promoter Group	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2	Public	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	GRAND TOTAL (A) + (B) + (C)	**14,084**	**16,746,167**	**16,241,957**	**100.00**	**100.00**	**NIL**	**NIL**
Note: Abhilash Oswal, Monica Oswal and Ruchika Oswal are the relatives of Directors Sh.J.L. Oswal, Sh. Dinesh Oswal and Sh. Kamal Oswal and belong to Promoter Category. Their shareholding has been taken in Promoter Group.								

Financial Performance

Set forth below are the audited financial results of NCFSL for fiscals 2014, 2013 and 2012.

(₹ in million except per share data)

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Equity capital	83.73	83.73	83.73
Reserves and surplus (excluding revaluation)	4,736.09	4,545.66	4,402.16
Total Income	295.29	229.50	202.97
Profit/(Loss) after tax	219.81	172.89	159.03
Earnings per share (₹) (Basic)	13.13	10.32	9.50
Earnings per share (₹) (Diluted)	13.13	10.32	9.50
Net asset value per share (₹)	287.82	276.44	267.88

Highest and lowest market price during the preceding six months

Set forth below are the monthly high and low prices of the equity shares of NCFSL during the six months immediately preceding the date of this Red Herring Prospectus, at the BSE and the NSE.

(in ₹)

Month	BSE		NSE	
	High	Low	High	Low
May 2014	68.35	46.30	68.50	46.55
June 2014	85.90	58.70	86.55	59.00
July 2014	83.00	71.20	84.75	72.10
August 2014	80.00	63.00	80.70	65.00
September 2014	81.00	68.60	80.00	68.00
October 2014	101.95	72.45	101.50	72.30

The closing price for NCFSL's shares as on October 31, 2014 on the BSE and the NSE is ₹ 86.05 and ₹ 85.10, respectively.

The market capitalisation of NCFSL as on October 31, 2014 on the BSE and the NSE is ₹ 1,441.00 million and ₹ 1,425.10 million, respectively.

There has been no change in the capital structure of NCFSL in the six months immediately preceding the date of this Red Herring Prospectus.

Public or Rights Issue in the last three years

NCFSL has not made any public or rights issue in the three years immediately preceding the date of this Red Herring Prospectus.

Promise v. performance

NCFSL has not completed any public or rights issue in the 10 years immediately preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

The board of directors of NCFSL has constituted a stakeholders' relationship committee comprising Dr. Amrik Singh Sohi (Chairman), Mr, Satish Kumar Sharma and Dr. Suresh Kumar Singla, in accordance with Clause 49 of the listing agreements entered into with the stock exchanges to approve matters involving redressal of investors' complaints on issues including, amongst others, transfer of shares, non receipt of share certificates or dividend and dematerialisation related matters. Mrs. Anjali Modgil is the compliance officer. NCFSL seeks to redress any complaints received as expeditiously as possible.

As of September 30, 2014, there were no investor complaints pending against NCFSL.

4. *Nahar Poly Films Limited*

NPFL was incorporated on November 11, 1988 as "Nahar Exports Limited" under the Companies Act 1956 and a fresh certificate of incorporation consequent upon change of name was issued on June 23, 2008 for changing its name to "Nahar Poly Films Limited". The registered office of NPFL is situated at 376, Industrial Area A, Ludhiana 141 003, Punjab, India. The corporate identification number of NPFL is L17115PB1988PLC008820. NPFL is currently engaged in the business of manufacture of packaging material, including bi-axially oriented polypropylene films.

The equity shares of NPFL are presently listed on the BSE since March 23, 2007 and the NSE since March 22, 2007.

Shareholding Pattern

Set forth below is the shareholding pattern of NPFL as on September 30, 2014.

Cate-gory	Category shareholder	Number of share-holders	Total number of shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)**
(A)	**Promoter and Promoter Group**							
-1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	2	136,773	136,773	0.556	0.556	NIL	NIL
(b)	Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c)	Bodies Corporate	17	16,895,174	16,895,174	68.713	68.713	NIL	NIL
(d)	Financial Institutions/ Banks	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Cate-gory	Category shareholder	Number of share-holders	Total number of shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
(e)	Any other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Sub–Total (A) (1)	**19**	**17,031,947**	**17,031,947**	**69.269**	**69.269**	NIL	NIL
-2	**Foreign**							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b)	Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c)	Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d)	Qualified Foreign Investor	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e)	Any other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Sub–Total (A) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**19**	**17,031,947**	**17,031,947**	**69.269**	**69.269**	NIL	NIL
(B)	**Public shareholding**							
-1	**Institutions**							
(a)	Mutual Funds/ UTI	7	2,464	1,946	0.010	0.010	NIL	NIL
(b)	Financial Institutions/ Banks	7	860	108	0.003	0.003	NIL	NIL
(c)	Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d)	Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e)	Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(f)	Foreign Institutional Investors	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(g)	Foreign Venture Capital Investors	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(h)	Qualified Foreign Investor	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(i)	Any other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Sub–Total (B) (1)	**14**	**3,324**	**2,054**	**0.013**	**0.013**	NIL	NIL
-2	**Non-Institutions**	-	-	-	-	-	NIL	NIL
(a)	Bodies Corporate	319	726,881	715,565	2.956	2.956	NIL	NIL
(b)	Individuals	-	-	-	-	-	NIL	NIL
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	25,438	5,976,728	4,185,090	24.308	24.308	NIL	NIL
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	15	773,260	773,260	3.145	3.145	NIL	NIL
(c)	Qualified Foreign Investor	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d)	Any other							
	1. N.R.I.	60	71,802	63,436	0.292	0.292	NIL	NIL

Cate-gory	Category shareholder	Number of share-holders	Total number of shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
	2. DIRECTORS AND THEIR RELATIVES	6	3,909	3,881	0.016	0.016	NIL	NIL
	3. TRUST	1	140	NIL	0.001	0.001	NIL	NIL
	4. OCB	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Sub-Total (B) (2)	**25,839**	**7,552,720**	**5,741,232**	**30.718**	**30.718**	NIL	NIL
	Total Public Shareholding (B) = (B) (1) + (B) (2)	**25,853**	**7,556,044**	**5,743,286**	**30.731**	**30.731**	**NIL**	**NIL**
	TOTAL (A) + (B)	**25,872**	**24,587,991**	**22,775,233**	**100.00**	**100.00**	**NIL**	**NIL**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1	Promoter and Promoter Group	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2	Public	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	GRAND TOTAL (A) + (B) + (C)	**25,872**	**24,587,991**	**22,775,233**	**100.00**	**100.00**	**NIL**	**NIL**

Note: Sh. Dinesh Oswal and Sh. Kamal Oswal who are directors as well as promoters of the Company, are holding 105273 and 31500 equity shares respectively in their individual name. Their holding of equity shares have been included under the Promoter Group.

Financial Performance

Set forth below are the audited financial results of NPFL for fiscals 2014, 2013 and 2012.

(₹ in million except per share data)

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Equity capital	125.78	125.78	125.78
Reserves and surplus (excluding revaluation)	1,318.26	1,315.30	1,382.06
Total Income	3,035.08	2,193.15	2,484.15
Profit/(Loss) after tax	2.94	(66.87)	70.04
Earnings per share (₹) (Basic)	0.12	(2.72)	2.85
Earnings per share (₹) (Diluted)	0.12	(2.72)	2.85
Net asset value per share (₹)	58.73	58.61	61.32

Highest and lowest market price during the preceding six months

Set forth below are the monthly high and low prices of the equity shares of NPFL during the six months immediately preceding the date of this Red Herring Prospectus, on the BSE and the NSE.

(in ₹)

Month	BSE		NSE	
	High	Low	High	Low
May 2014	15.98	10.62	16.05	10.80
June 2014	25.50	15.95	25.50	15.70
July 2014	24.35	20.40	24.60	20.45
August 2014	28.60	22.40	29.35	22.00
September 2014	30.85	23.15	30.40	23.05
October 2014	27.50	21.30	26.50	21.55

The closing price for NPFL's shares as on October 31, 2014 on the BSE and the NSE is ₹ 24.70 and ₹ 24.60, respectively.

The market capitalisation of NPFL as on October 31, 2014 on the BSE and the NSE is ₹ 607.32 million and ₹ 604.86 million, respectively.

There has been no change in the capital structure of NPFL in the six months immediately preceding the date of this Red Herring Prospectus.

Public or Rights Issue in the last three years

NPFL has not made any public or rights issue in the three years immediately preceding the date of this Red Herring Prospectus.

Promise v. performance

NPFL has not completed any public or rights issue in the 10 years immediately preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

The board of directors of NPFL has constituted a stakeholders' relationship committee comprising Dr. Harbhajan Kaur Bal (Chairperson), Dr. Amrik Singh Sohi and Mr. Komal Jain, in accordance with Clause 49 of the listing agreements entered into with the stock exchanges for redressal of complaints/ grievances of shareholders in respect of matters including, amongst others, transfer of shares, non receipt of dividends or share certificates and dematerialisation related matters. Mr. Atul Sud is the compliance officer. NPFL seeks to redress any complaints received as expeditiously as possible.

As of September 30, 2014, there were no investor complaints pending against NPFL.

5. Kovalam Investment and Trading Company Limited

KITCL was incorporated on November 28, 1981 under the Companies Act 1956. The registered office of KITCL is situated at G.T. Road, Premises OWML, Sherpur, Ludhiana 141 003, Punjab, India. The corporate identification number of KITCL is L65910PB1981PLC023058. KITCL is currently engaged in investment and lending activities.

The equity shares of KITCL are presently listed on the BSE since September 28, 1983.

Shareholding Pattern

Set forth below is the shareholding pattern of KITCL as on September 30, 2014.

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of(A+B)[1]	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	**Shareholding of Promoter and Promoter Group[2]**							
1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	3	79,530	0	3.58	3.58	-	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	10	1,587,460	0	71.38	71.38	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
(e-i)	-	-	-	-	0.00	0.00	-	0.00
(e-ii)	-	-	-	-	0.00	0.00	-	0.00
	Sub Total(A)(1)	**13**	**1,666,990**	**0**	74.96	74.96	**0**	0.00
2	**Foreign**							
a	Individuals (Non-Residents	0	0	0	0.00	0.00	0	0.00

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
	Individuals/ Foreign Individuals)							
b	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
c	Institutions	0	0	0	0.00	0.00	0	0.00
d	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
d-i	-	-	-	-	0.00	0.00	-	0.00
d-ii	-	-	-	-	0.00	0.00	-	0.00
	Sub Total(A)(2)	**0**	**0**	**0**	0.00	0.00	**0**	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**13**	**1,666,990**	**0**	74.96	74.96	**0**	0.00
(B)	**Public shareholding**							
1	**Institutions**							
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00	0	-
(b)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	-
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	-
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	-
(e)	Insurance Companies	0	0	0	0.00	0.00	0	-
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00	0	-
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	-
(h)	Any Other (specify)	0	0	0	0.00	0.00	0	-
(h-i)	-	-	-	-	0.00	0.00	-	-
(h-ii)	-	-	-	-	0.00	0.00	-	-
	Sub-Total (B)(1)	**0**	**0**	**0**	0.00	0.00		
B 2	**Non-institutions**							
(a)	Bodies Corporate	3	78,100	0	3.51	3.51	0	-
(b)	Individuals				0.00	0.00		-
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	496	478824	0	21.53	21.53	0	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0	0	0.00	0.00	0	-
(c)	Any Other (specify)				0.00	0.00	-	-
(c-i)	-	-	-	-	0.00	0.00	-	-
(c-ii)	-	-	-	-	0.00	0.00	-	-
	Sub-Total (B)(2)	**499**	**556,924**	**0**	25.04	25.04	-	-
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**499**	**556,924**	**0**	25.04	25.04	-	-
	TOTAL (A)+(B)	**512**	**2,223,914**	**0**	**100.00**	**100.00**	-	-
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**							
1	Promoter and Promoter Group	-	-	-	-	0.00	-	0.00
2	Public	-	-	-	-	0.00	-	-
	Sub-Total (C)	**0**	**0**	**0**	-	**0**	**0**	
	GRAND TOTAL (A)+(B)+(C)	**512**	**2223914**	**0**	-	**100.00**	**0**	**0.00**

Financial Performance

Set forth below are the audited financial results of KITCL for fiscals 2014, 2013 and 2012.

(₹ in million except per share data)

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Equity capital	22.24	17.06	17.06
Reserves and surplus (excluding revaluation)	174.64	158.90	146.79
Total Income	29.65	18.43	18.00
Profit/(Loss) after tax	20.91	12.12	11.63
Earnings per share (₹) (Basic)	9.40	7.10	6.81
Earnings per share (₹) (Diluted)	9.40	7.10	6.81

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Net asset value per share (₹)	88.53	103.13	96.03

Highest and lowest market price during the preceding six months

KITCL has ceased active trading since July 19, 2013, therefore highest and lowest market price during the last six months is not available.

There has been no change in the capital structure of KITCL in the six months immediately preceding the date of this Red Herring Prospectus.

Public or Rights Issue in the last three years

KITCL has not made any public or rights issue in the three years immediately preceding the date of this Red Herring Prospectus.

Promise v. performance

KITCL has not completed any public or rights issue in the 10 years immediately preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

KITCL has obtained authentication on the SEBI Complaints Redress System. Mr. Navdeep Sharma is the compliance officer. KITCL seeks to redress any complaints received as expeditiously as possible.

As of September 30, 2014, there were no investor complaints pending against KITCL.

Disassociation by our Promoters in the Preceding Three Years

Our Promoters have not disassociated themselves as a promoter(s) from any company in the three years immediately preceding the date of this Red Herring Prospectus.

Payment or Benefit to Promoters and Group Companies

Except as stated above in "***Interest of our Promoters***" and "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on pages 146 and 198, respectively, there has been no payment of benefits to our Promoters and Group Companies in fiscal 2014 and 2013, nor is any benefit proposed to be paid to them as on the date of this Red Herring Prospectus.

Other Confirmations

Common Pursuits

While we believe that all our related party transactions have been conducted on arm's length basis, our Promoter and members of the Promoter Group have interests in other companies and entities that may compete with us. Certain of our Group Companies are authorized to carry out common business objects with our Company. Except for Cotton County Retail Limited, which are also engaged in the business of manufacturing or trading in ready made garments, none of our Group Companies are presently engaged in any activities similar to those conducted by us. Our Company has not adopted any policies for mitigating such conflict situations. As and when such conflict may arise, we will examine viable solutions as per applicable law and as determined by our Board.

However, pursuant to the KIL SHA, our Promoters have undertaken that they shall not, and each of them shall ensure that their affiliates shall not, directly or indirectly, initiate any new activities or expansions or develop or acquire any interest in (including beneficial interest), or get involved in any activity related to or similar to our Company's existing or proposed line of business through any vehicle outside our Company. Such new activities, expansions, or development or acquisition of interest, as aforesaid, if undertaken shall only be through our Company or a wholly owned subsidiary of our Company.

Business interests within the group

None of our Group Companies have any business or other interest in our Company except for business conducted on an arms' length basis or to the extent of any Equity Shares held by them. For details of business transactions with our Group Companies and their significance on our financial performance, see "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198.

For instance, for the year ended March 31, 2014, our Group Companies OWML and NSML, received purchase consideration aggregating to ₹ 735.74 million and ₹ 265.45 million, respectively, from our Company for sale of woollen yarn, cotton fabric and apparel. In addition, Our Company has also executed certain lease deeds with our Group Companies, OWML and NSML, for use of certain premises owned by them as godowns, warehouses, factory space and showrooms. Additionally, one of our group companies, Vanaik Spinning Mills Limited operates an online shopping website www.montecarloshop.in through which they sell our products online.

Further, except as stated in "***Financial Statements – Annexure 33 - Statement of Related Parties Transactions and Balances, as Restated***" on page 198, our Company does not have any sales/purchase arising out of any transaction with any Group Company exceeding, in aggregate, 10% of the total sales or purchases of our Company.

Our Promoters, directors of our corporate Promoters, directors of our Group Companies and our Group Companies have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

For details relating to legal proceedings involving our Promoters and Group Companies, see "***Outstanding Litigation and Material Developments***" on page 227.

As on the date of this Red Herring Prospectus, our Promoters, members of our Promoter Group and Group Companies are not prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority. Further, none of our Promoters was or is a promoter or person in control of any other company that is debarred from accessing the capital markets under any order or direction made by SEBI or any other authority.

Sick or Defunct Companies

Neither our corporate Promoters nor any of the companies forming part of our Group Companies have become sick companies under the Sick Industrial Companies (Special Provisions) Act, 1985 and or are under winding up. Further, none of our Group Companies have become defunct and no application has been made in respect of any of them, to the respective registrar of companies where they are situated, for striking off their names, in the five years immediately preceding the date of the Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividend on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act and will depend on a number of factors, including but not limited to our profits, capital requirements, contractual obligations, restrictive covenants under our loan and financing arrangements and the overall financial condition of our Company.

No dividends have been declared on the Equity Shares by our Company during the last five years.

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, under some of our loan agreements, we are not permitted to declare any dividends, if there is a default under such loan agreements or unless our Company has paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof.

In the event any dividend is declared on the Equity Shares forming a part of the Offer for Sale, until the date on which the Board of Directors Allots the Equity Shares in the Offer on the basis of allocation finalised by our Company and the BRLMs in consultation with the Designated Stock Exchange and the Registrar to the Offer, such dividend shall be to the credit of the Selling Shareholders. However, in case of any dividend declared on the Offered Shares post the Allotment of the Offered Shares pursuant to the Offer, such dividend shall be payable to the Allottees for the entire period for which the dividend is being declared and the Selling Shareholders will have no proportionate entitlements to such dividend for the period for which the Offered Shares were held by them prior to the Offer.

SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS

Auditors' Report

To,

The Board of Directors
Monte Carlo Fashions Limited
Grand Trunk Road, Sherpur
Ludhiana
Punjab 141 003
India

Dear Sirs,

We have examined the financial information comprising of Summary Statement of assets and liabilities, As restated, as at 30 June 2014, 31 March 2014, 2013, 2012, 2011 and 2010, Summary Statement of Profit and Losses, As restated for the three months ended 30 June 2014 and years ended 31 March 2014, 2013, 2012, 2011 and 2010 and also the Statement of Cash flows, As Restated for the three months ended 30 June 2014 and years ended 31 March 2014, 2013, 2012, 2011 and 2010 (together referred to as restated Summary statements') of Monte Carlo Fashions Limited (the 'Company') annexed to this report and initialed by us for identification purposes, for the purpose of inclusion in the offer document. This financial information has been prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the offer document being issued by the Company in connection with the proposed Initial Public Offering ('IPO') of equity shares having a face value of ₹ 10 each at an issue price to be arrived at by a Book Building Process (referred to as 'the Issue').

This financial information has been prepared in accordance with the requirements of:

i) Part I of Chapter III to the Companies Act, 2013;

ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations'), as amended from time to time issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments.

This financial information has been extracted by the management from the audited financial statements of the Company for the period ended 30 June 2014 and years ended 31 March 2014, 2013, 2012, 2011 and 2010.

We have examined such financial information in accordance with the requirements of:

i) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and

ii) The terms of reference received from the Company requesting us to carry out work in connection with the offer document being issued by the Company relating to IPO.

A. Financial information as per the Restated Summary Statements of the Company:

1. We have examined the attached restated Summary Statement (refer Annexure 1, 2 and 3). These Restated Summary Statements of the Company have been arrived at after making such adjustments and regroupings to

the audited financial statements of the Company which are appropriate and are more fully described in the Statement of Notes to Restated Summary Statements of the Company in Annexure 5 and 6.

2. The Restated Summary Statements of the Company for the year ended 31 March 2012, 2011 and 2010 including the adjustments and regroupings discussed above, have been extracted from the audited financial statements of the Company as at and for the year ended 31 March 2012, 2011 and 2010 which have been audited by M/s Gupta Vigg & Co. (Firm Registration No. 001393N) and accordingly reliance has been placed by us on the financial information examined by them for the said year. The Restated Summary Statements of the Company as at and for the period/years ended 30 June 2014, 31 March 2014 and 2013 are based on the financial statements of the Company, which have been audited by us.

3. Based on our examination of these Restated Summary Statements of the Company, we state that:

   a) The Restated Summary Statements of the Company have to be read in conjunction with the Statement of Significant Accounting Policies and Statement of Notes to Restated Summary Statements of the Company, in Annexure 4 and 5 respectively;
   b) There are no changes in accounting policies adopted by the Company during the period ended 30 June 2014 and years ended 31 March 2014, 2013, 2012, 2011 and 2010 which would require adjustment in the Restated Summary Statements of the Company;
   c) The restated profits/(loss) have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate in the period/year to which they relate as described in the Statement of Notes to Restated Summary Statements of the Company given in Annexure 6;
   d) There are no qualifications in the auditors' reports for the period ended 30 June 2014 and years ended 31 March 2014, 2013, 2012, 2011 and 2010 which would require adjustment in the Restated Summary Statements of the Company; and
   e) There are no extra-ordinary items which need to be disclosed separately in the Restated Summary Statements of the Company.

B. Other financial information:

4. We have examined the following 'Other financial information' of the Company in respect of the period ended 30 June 2014 and years ended 31 March 2014, 2013, 2012, 2011 and 2010, proposed to be included in the offer document, as prepared by the management and approved by the Board of Directors and annexed to this report:

   (i) Statement of significant accounting policies, as restated (Annexure 4);
   (ii) Statement of notes to restated summary statements of the Company (Annexure 5);
   (iii) Statement of reconciliation of restated profits/(loss) to profits/(loss) as per audited financial statements (Annexure 6);
   (iv) Statement of share capital, as restated (Annexure 7);
   (v) Statement of reserves and surplus, as restated (Annexure 8);
   (vi) Statement of long term borrowings, as restated (Annexure 9);
   (vii) Statement of deferred tax assets/liabilities (net), as restated (Annexure 10);
   (viii) Statement of other long term liabilities, as restated (Annexure 11);
   (ix) Statement of short term borrowings, as restated (Annexure 12);
   (x) Statement of trade payables, as restated (Annexure 13);
   (xi) Statement of other current liabilities, as restated (Annexure 14);
   (xii) Statement of short term provisions, as restated (Annexure 15);
   (xiii) Statement of fixed assets, as restated (Annexure 16);
   (xiv) Statement of investments, as restated (Annexure 17);
   (xv) Statement of loans and advances, as restated (Annexure 18);
   (xvi) Statement of other non-current assets (Annexure 19);
   (xvii) Statement of inventories, as restated (Annexure 20);
   (xviii) Statement of trade receivables, as restated (Annexure 21);
   (xix) Statement of cash and bank balances, as restated (Annexure 22);
   (xx) Statement of other current assets, as restated (Annexure 23);

(xxi) Statement of revenue from operations, as restated (Annexure 24);
(xxii) Statement of other income, as restated (Annexure 25);
(xxiii) Statement of cost of material consumed, as restated (Annexure 26);
(xxiv) Statement of purchase of stock in trade, as restated (Annexure 27);
(xxv) Statement of changes in inventory of finished goods, work-in-process and traded goods, as restated (Annexure 28);
(xxvi) Statement of employee benefit expenses, as restated (Annexure 29);
(xxvii) Statement of finance cost, as restated (Annexure 30);
(xxviii) Statement of depreciation and amortization, as restated (Annexure 31);
(xxix) Statement of other expenses, as restated (Annexure 32)
(xxx) Statement of related party transactions and balances, as restated (Annexure 33)
(xxxi) Statement of capitalisation as at March 31, 2014 (Annexure 34)
(xxxii) Statement of tax shelter, as restated (Annexure 35) and
(xxxiii) Statement of accounting ratios, as restated (Annexure 36)

5. In our opinion, the 'Financial information as per the Restated Summary Statements of the Company' and 'Other financial information' mentioned above for the three months ended 30 June 2014 and years ended 31 March 2014, 2013, 2012, 2011 and 2010 have been prepared in accordance with Part I of Chapter III to the Companies Act, 2013 and the relevant provisions of the SEBI Regulations.

6. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by M/s Gupta Vigg & Co. (Firm Registration No. 001393N) or by us nor should it be construed as a new opinion on any of the financial statements referred to therein.

7. This report is intended solely for your information and for inclusion in the offer document in connection with the IPO of the equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

per **David Jones**
Partner
Membership No.: 098113

Place: New Delhi

Date: 23 September 2014

MONTE CARLO

MONTE CARLO FASHIONS LIMITED
SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
Annexure 1

(Amounts in ₹ Millions)

Particulars	Annexure	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Equity and liabilities							
(1) Shareholders' funds							
Share capital	**7**	217.32	217.32	217.32	188.59	0.50	0.50
Reserves and surplus	**8**	3,664.91	3,582.40	3,029.39	1,319.08	(1.40)	(1.39)
		3,882.23	**3,799.72**	**3,246.71**	**1,507.67**	**(0.90)**	**(0.89)**
(2) Non current liabilities							
Long-term borrowings	**9**	593.98	664.95	524.65	431.61	-	-
Deferred tax liabilities (net)	**10**	29.22	34.80	9.36	3.77	-	-
Other long - term liabilities	**11**	91.91	91.53	75.72	60.55	-	-
		715.11	**791.28**	**609.73**	**495.93**	**-**	**-**
(3) Current liabilities							
Short-term borrowings	**12**	540.78	229.74	145.57	185.17	-	-
Trade payables	**13**	846.56	788.90	408.34	370.54	-	-
Other current liabilities	**14**	697.00	616.86	413.48	173.93	0.99	0.92
Short-term provisions	**15**	21.45	22.91	42.85	24.70	-	-
		2,105.79	**1,658.41**	**1,010.24**	**754.34**	**0.99**	**0.92**
Total		**6,703.13**	**6,249.41**	**4,866.68**	**2,757.94**	**0.09**	**0.03**
Assets							
(4) Non-current assets							
Fixed assets	**16**						
Tangible assets		1,670.44	1,671.83	1,053.69	491.21	-	-
Intangible assets*		1.13	1.15	0.00	0.00	-	-
Capital work-in-progress		189.39	202.15	228.08	193.08	-	-
Non-current investments	**17**	-	140.00	15.00	-	-	-
Deferred tax assets (net)	**10**	-	-	-	-	0.01	0.01
Long-term loans and advances	**18**	113.36	118.34	131.81	167.07	-	-
Other non-cuurent assets	**19**	0.10	450.10	-	0.10	-	-
		1,974.42	**2,583.57**	**1,428.58**	**851.46**	**0.01**	**0.01**
(5) Current assets							
Current investments	**17**	500.00	360.00	385.00	-	-	-
Inventories	**20**	1,825.52	1,398.49	1,093.37	1,101.05	-	-
Trade receivables	**21**	849.87	886.54	740.68	724.76	-	-
Cash and bank balances	**22**	1,166.58	821.46	1,070.49	12.91	0.08	0.02
Short-term loans and advances	**18**	322.05	171.77	134.10	67.75	-	-
Other current assets	**23**	64.69	27.58	14.46	0.01	-	-
		4,728.71	**3,665.84**	**3,438.10**	**1,906.48**	**0.08**	**0.02**
Total		**6,703.13**	**6,249.41**	**4,866.68**	**2,757.94**	**0.09**	**0.03**

*Rounded off to Nil in ₹ millions

Note: The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure 5.

This is the Summary Statement of Assets and Liabilities, As Restated, referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

Place : New Delhi
Date : 23 September 2014

per **David Jones**
Partner

MONTE CARLO FASHIONS LIMITED
SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED
Annexure 2

(Amounts in ₹ Millions)

Particulars	Annexure	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Revenue							
Revenue from operations (gross)	**24**					-	-
of products manufatured		132.86	2,115.40	1,984.02	1,850.82	-	-
of products traded		613.87	2,907.89	2,245.66	2,122.22	-	-
Other operating income		0.95	14.02	11.64	11.93	-	-
		747.68	5,037.31	4,241.32	3,984.97	-	-
Less : Excise duty (Refer note 13 of annexure 5)		-	-	196.89	263.27	-	-
Revenue from operations (net)		747.68	5,037.31	4,044.43	3,721.70	-	-
Other income	**25**	44.64	151.61	120.16	32.14	-	-
Total		**792.32**	**5,188.92**	**4,164.59**	**3,753.84**	**-**	**-**
Expenses							
Cost of materials consumed	**26**	381.32	1,347.66	1,021.38	1,112.97	-	-
Purchases of stock in trade	**27**	235.19	1,450.72	1,086.90	1,149.62	-	-
Changes in inventories of finished goods, work-in-process and traded goods	**28**	(393.25)	(189.85)	(34.40)	(432.90)	-	-
Employee benefit expenses	**29**	97.37	270.36	189.11	137.39	-	-
Finance costs	**30**	31.04	93.19	36.85	65.35	0.00	0.01
Depreciation and amortisation	**31**	65.90	162.09	68.20	59.49	-	-
Other expenses	**32**	246.77	1,217.19	1,071.92	936.19	0.01	0.01
Total		**664.34**	**4,351.36**	**3,439.96**	**3,028.11**	**0.01**	**0.02**
Net profit/(loss) before tax and extraordinary items, as restated		**127.98**	**837.56**	**724.63**	**725.73**	**(0.01)**	**(0.02)**
Tax							
Current tax		47.01	259.10	230.00	255.65	-	-
Deferred tax		(4.21)	25.44	5.59	(24.45)	(0.00)	(0.01)
Net profit/(loss) before extraordinary items, as restated		**85.18**	**553.02**	**489.04**	**494.53**	**(0.01)**	**(0.01)**
Extraordinary items		-	-	-	-	-	-
Net profit/(loss) after extraordinary items, as restated		**85.18**	**553.02**	**489.04**	**494.53**	**(0.01)**	**(0.01)**

Note: The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure 5.

This is the Summary Statement of Profit and Losses, As Restated, referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

Place : New Delhi
Date : 23 September 2014

per **David Jones**
Partner

MONTE CARLO FASHIONS LIMITED
STATEMENT OF CASH FLOWS, AS RESTATED
Annexure 3

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net profit/(loss) before tax, as restated	127.98	837.56	724.63	725.73	(0.01)	(0.02)
Adjustments for:						
Depreciation and amortisation	65.90	162.09	68.20	59.49	-	-
Loss on sale of fixed assets (net)	-	-	0.01	0.17	-	-
Profit on sale of assets (net)	(0.20)	(0.88)	-	-	-	-
Profit on sale of investments (net)	(2.64)	(7.06)	-	-	-	-
Provision for sales returns (net)	8.54	15.26	31.28	18.25	-	-
Provision for discount	11.22	7.55	4.01	5.04	-	-
Unclaimed balances written back	(0.20)	(0.19)	(0.28)	(1.74)	-	-
Excess provisions written back	(0.78)	(0.30)	(3.48)	(1.38)	-	-
Interest income	(40.67)	(141.35)	(111.52)	(28.90)	-	-
Interest expense	30.46	89.43	34.55	61.97	-	-
Lease straight lining expenses	0.76	11.31	2.44	5.13	-	-
Assets written off	-	-	-	2.43	-	-
Amounts written off	0.09	0.52	0.76	2.94	-	-
Operating profit/(loss) before working capital changes	**200.46**	**973.94**	**750.60**	**849.13**	**(0.01)**	**(0.02)**
					-	-
Adjustments for:					-	-
(Decrease)/Increase in other long term liabilities	(0.38)	4.50	12.73	55.42	-	-
Increase in trade payables	57.86	380.75	38.08	372.28	-	-
Increase/(decrease) in other current liabilities	79.77	142.60	48.91	(233.48)	0.07	0.01
(Decrease)/increase in short-term provisions	(21.22)	(42.76)	(17.14)	1.41	-	-
Decrease/(increase) in long-term loans and advances	(1.60)	(7.37)	1.04	(2.00)	-	-
(Increase)/decrease in inventories	(427.03)	(305.12)	7.68	(442.29)	-	-
(Increase) in trade receivables	36.67	(145.86)	(15.92)	(291.93)	-	-
(Increase) in short-term loans and advances	(150.38)	(73.08)	(32.21)	(25.94)	-	-
(Increase)/decrease in other non current assets	450.00	(450.10)	0.10	(0.10)	-	-
Cash generated from/(used in) operating activities	**224.15**	**477.49**	**793.87**	**282.50**	**0.06**	**(0.01)**
Income taxes paid (including taxes deducted at source)	(45.70)	(240.39)	(289.32)	(290.90)	-	-
Net cash generated from/(used in) operating activities	**178.45**	**237.10**	**504.55**	**(8.40)**	**0.06**	**(0.01)**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of fixed assets	(56.15)	(755.91)	(665.71)	(372.89)	-	-
Purchase of non-current investments	-	(125.00)	(15.00)	-	-	-
Sale/(purchase) of current investments (net)	2.64	32.06	(385.00)	-	-	-
Movement in capital advances	5.28	37.03	58.64	(114.54)	-	-
Movement in restricted fixed deposits	(350.00)	242.02	(1,051.82)	(0.20)	-	-
Interest received	3.56	128.24	97.06	28.90	-	-
Proceeds from sale of fixed assets	0.56	1.34	0.01	1.27	-	-
Net cash (used in) investing activities	**(394.11)**	**(440.22)**	**(1,961.82)**	**(457.46)**	**-**	**-**
C. CASH FLOW FROM FINANCING ACTIVITIES						
(Repayment of)/Proceeds from long-term borrowings (net)	(78.15)	207.09	284.73	349.39	-	-
(Repayment of)/Proceeds from short term borrowings (net)	311.05	84.16	(39.59)	107.49	-	-
Proceeds from issue of share capital	-	-	1,250.00	80.00	-	-
Interest paid	(22.13)	(95.14)	(32.11)	(58.39)	-	-
Net cash (used in)/generated from financing activities	**210.77**	**196.11**	**1,463.03**	**478.49**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(4.88)**	**(7.01)**	**5.76**	**12.63**	**0.06**	**(0.01)**
Opening cash and cash equivalents	11.46	18.47	12.71	0.08	0.02	0.02
Closing cash and cash equivalents*	**6.58**	**11.46**	**18.47**	**12.71**	**0.08**	**0.02**
*** Reconciliation of cash and cash equivalents**						
Cash in hand	3.90	2.66	1.27	4.23	-	-
Balance with scheduled banks :						
Current account	2.68	8.80	17.20	8.48	0.08	0.02
Deposits with maturity of less than three months	60.00	-	-	-	-	-
Deposits with maturity more than three months but less than twelve months	1,100.00	810.00	1,052.02	0.20	-	-
Deposits with more than twelve months maturity	0.10	450.10	-	0.10		-
	1,166.68	**1,271.56**	**1,070.49**	**13.01**	**0.08**	**0.02**
Less : Fixed deposit not considered as cash equivalents	1,160.10	1,260.10	1,052.02	0.30	-	-
Cash and cash equivalents in cash flow statement	**6.58**	**11.46**	**18.47**	**12.71**	**0.08**	**0.02**

Note: The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure 5.

This is the Summary Statement of Cash Flows, As Restated, referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

Place : New Delhi
Date : 23 September 2014

per **David Jones**
Partner

1. Corporate information

Monte Carlo Fashions Limited (the Company) is a public company incorporated under the provisions of the Companies Act, 1956 on 1 July 2008. The company is engaged in manufacturing and trading of designer woolen/cotton readymade apparels under its brand "MONTE CARLO" which has also been recognised as a "SUPERBRAND".

2. Significant accounting policies

(a) Basis of preparation

The 'Summary Statement of the Assets and Liabilities, As Restated' of the Company as at 30 June 2014, 31 March 2014, 2013, 2012, 2011 and 2010, the 'Summary Statement of Profits and Losses, As Restated' and the 'Statement of Cash Flows, As Restated' for the period ended 30 June 2014 and years ended 31 March 2014, 2013, 2012, 2011 and 2010 (collectively referred to as 'Restated Summary Statements') have been prepared specifically for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with the proposed Initial Public Offering (hereinafter referred to as 'IPO').

The restated summary statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act') read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The restated summary statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

The Restated Summary Statements of the Company have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI, as amended from time to time.

During the year ended 31 March 2012, the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company for the preparation and presentation of its financial statements, accordingly previous years' figures have been re-grouped/re-classified wherever applicable.

Appropriate re-classifications/ adjustments have been made in the Restated Summary Statements wherever required, by re-classification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the presentation and recognition as per the audited financial statements of the Company and the requirements of the SEBI Regulations.

b) Use of estimates

In preparing the Company's restated summary statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Sales

a) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and

b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

iii) Benefit under duty entitlement pass book scheme / duty drawback scheme

Revenue in respect of duty entitlement pass book scheme and duty drawback scheme is recognized when the entitlement to receive the benefit is established.

iv) Insurance and other claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

d) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) “Revised AS 15”.

i) Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees’ Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

ii) Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year/period in which such gains or losses arise.

iii) Leave salary

Provision for short term leave salary of employees/workers is recognised on full cost basis. Full cost basis, measures the liability of all the accumulated leaves outstanding as of the balance sheet date as a product of basic salary of the employees/workers.

e) Fixed assets

Tangible assets

Fixed assets are stated at historic cost less accumulated depreciation and amortization and impairment losses (if any). Cost comprises the purchase price and any attributable costs of bringing the assets to their working condition for their intended use.

Intangible assets

Software which is not an integral part of the related hardware is classified as an intangible asset.

f) Depreciation and amortisation

Depreciation on fixed assets for the years ended 31 March 2014, 2013, 2012, 2011 and 2010 is provided on written down value method as per the rates prescribed under schedule XIV of the Companies Act, 1956.

Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective 01 April 2014, the management has reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for period ended 30 June 2014 is provided on written down value method as per the rates prescribed under Schedule II of the Companies Act, 2103.

- The comparison of useful lives is as follows:

Block of asset	Useful life as per Companies Act, 2013 (in years)	Existing useful lives as per Companies Act, 1956 (in years)
Buildings	30	30 – 60
Plant and machinery	15	13 – 20
Furniture and fixture	10	15
Office equipment	5	20
Computers	3	6
Vehicles	8 – 10	10
Software	As per AS 26	5 years

g) Investments

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments; all other investments are classified as long term investments.

Long term investment is carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current investments are carried at lower of cost and fair value.

h) Inventories

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes direct expenses and is determined on the basis of weighted average method.
- Stores and spares cost includes direct expenses and is determined on the basis of weighted average method.
- In case of work in process-at raw material cost plus conversion costs depending upon the stage of completion.
- In case of manufactured finished goods- appropriate percentage of gross margin is reduced from the sale value which approximates costs of purchase, costs of conversion and other attributable costs.
- In case of traded finished goods - stated at the lower of cost or market value. Cost is determined using the weighted average cost basis and includes the purchase price and attributable direct costs.

i) Subsidy

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all related conditions will be complied with. Government subsidy in the nature of promoter's contribution is credited to capital reserve.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

j) Borrowing costs

Borrowing cost which are not relatable to the qualifying asset are recognized as an expense in the period in which they are incurred. Borrowing cost on specific loans, used on acquisition or construction of fixed assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalised. Other borrowing costs are recognized as an expense in the period in which they are incurred.

k) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss over the lease term on a straight line basis.

l) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

m) Foreign currency conversion

i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year/period, or reported in previous financial statements, are recognized as income or as expenses in the year/period in which they arise.

n) Accounting for taxes on income

The tax expense comprises of current taxes and deferred taxes. Current tax is the amount of income tax determined to be payable in respect of taxable income for a period as per the provisions of Income Tax, 1961. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

o) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year /period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year/period. The weighted average number of equity shares outstanding during the year/period is adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year /period attributable to equity shareholders and the weighted average number of shares outstanding during the year/stub period are adjusted for the effects of all dilutive potential equity shares.

p) Provision and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made where there 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 Company or where reliable estimate of the obligation cannot be made.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits with an original maturity of three months or less.

MONTE CARLO FASHIONS LIMITED
STATEMENT OF NOTES TO RESTATED SUMMARY STATEMENTS OF THE COMPANY
Annexure 5

1 The Company recorded prior period expenses/income during the period ended 30 June 2014 and years ended 31 March 2014, 2013 and 2012. The effect of these items has been adjusted in the respective periods of origination. Some of these expenses/income were related to period prior to 1 April 2011. In these restated summary statements, such expenses/income have been adjusted against balance of general reserve transferred on account of demerger.

2 The Oswal Woollen Mills Limited and Monte Carlo Fashions Limited had filed with The Hon'ble High Court of Punjab & Haryana, Chandigarh a petition no 16 of 2011 connected with Company petition no. 44 of 2011 under section 391 to 394 of The Companies Act, 1956 for sanction of the scheme of arrangement and demerger of the 'Monte Carlo' business of Oswal Woollen Mills Limited and its vesting in Monte Carlo Fashions Limited and re-organization of the capital of both the Companies. The Hon'ble High Court of Punjab & Haryana, Chandigarh vide its order dated 20 May 2011 approved the said scheme and in pursuance to the said orders, all the assets and liabilities including inter-alia fixed assets, current assets, current liabilities, term loans along with all permits, approvals, authorizations, benefits, concessions, consents, quotas, rights etc., relating to the Monte Carlo business had vested in the Company on as is where is basis w.e.f. 1 April 2011. The said scheme was filed with Registrar of Companies on 04 August 2011. The details of assets, liabilities thus vested in the Company as a result of demerger are as under:

Particulars	*(Amounts in ₹ Millions)*
Shareholders' funds	
Share capital	86.65
Reserves and surplus	860.79
	947.44
Non current liabilities	
Long-term borrowings	109.30
Deferred tax liabilities (net)	28.24
	137.54
Current liabilities	
Short-term borrowings	77.68
Other current liabilities	377.15
	454.83
	1,539.81
Non-current assets	
Fixed assets	
Tangible assets	371.69
Capital work-in-progress	0.08
Long-term loans and advances	15.28
	387.05
Current assets	
Inventories	658.76
Trade receivables	432.83
Cash and bank balances	16.42
Short-term loans and advances	44.75
	1,152.76
	1,539.81

3 **Capital and other commitments**

(Amounts in ₹ Millions)

	As at					
Particulars	**30 June 2014**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**	**31 March 2010**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	65.14	70.66	186.22	191.33	-	-

4 **Contingent liabilities not provided for in respect of:**

(Amounts in ₹ Millions)

		As at					
	Particulars	**30 June 2014**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**	**31 March 2010**
a.	Claims against the Company not acknowledged as debts:	0.50	0.50	3.15	3.15	-	-

The Company has contested the additional demand in respect of Central Sales Tax, VAT etc., amounting to ₹ 0.50 million, ₹ 0.50 million, ₹ 3.15 million and ₹ 3.15 million as at 30 June 2014, 31 March 2014, 2013 and 2012 respectively. As against this a sum of ₹ 0.23 million as at 30 June 2014, 31 March 2014, 2013 and 2012 has been deposited under protest and stands included under the head "Short-term loans and advances". The Company has filed an appeal with the Taxation Tribunal and is advised that the demand is not in accordance with law. No provision, therefore, has been made in accounts in respect thereof.

(Amounts in ₹ Millions)

		As at					
	Particulars	**30 June 2014**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**	**31 March 2010**
b.	Letter of credit against imports	59.90	76.62	91.38	67.42	-	-

This includes amount standing against purchase of traded goods amounting to ₹ 59.90 million, ₹ 76.22 million, ₹ 18.87 million and ₹ 0.41 million and against capital goods amounting to ₹ Nil, ₹ 0.40 million, ₹ 72.51 million and ₹ 67.01 as at 30 June 2014, 31 March 2014, 2013 and 2012 respectively.

c. Particulars of unhedged foreign currency exposure

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Trade receivables	6.56	7.89	3.19	-	-	-
Currency - USD						
Short term loans and advances	17.40	-	15.03	-	-	-
Currency - USD						
Other current liabilities	99.89	147.09	60.68	37.53	-	-
Currency - JPY						

5 The Information required by paragraph 5 of general instructions for preparation of the Statement of Profit and Loss as per revised schedule VI of Companies Act, 1956

(Amounts in ₹ Millions)

Particulars	For the period ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
a. Earnings in foreign currency (accrual basis)						
Export value of goods on FOB basis	-	9.00	24.34	10.87	-	-

(Amounts in ₹ Millions)

Particulars	For the period ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
b. Expenditure in foreign currency (cash basis)						
Travelling and conveyance	2.66	5.16	3.85	2.04	-	-
Sampling expenses	0.05	1.62	2.04	1.61	-	-
Staff training and recruitment	-	-	-	0.18	-	-
Subscription charges	-	-	-	0.35	-	-
Others	0.08	1.00	0.58	0.38	-	-
c. Value of imports (calculated on C.I.F basis)						
Raw materials	-	-	0.93	-	-	-
Traded goods	60.42	126.87	48.26	-	-	-
Capital goods	88.26	256.55	116.12	41.73	-	-
Components and spare parts	3.06	6.25	3.70	6.12	-	-
	151.73	**389.67**	**169.01**	**47.85**	**-**	**-**

d. Imported and indigenous consumption

(Amounts in ₹ Millions)

Particulars	For the period ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Raw materials						
- Imported						
- Amount	-	-	0.93	-	-	-
- Percentage	-	-	0.09%	-	-	-
- Indigenous						
- Amount	381.32	1,347.66	1,020.44	1,112.97	-	-
- Percentage	100.00%	100.00%	99.91%	100.00%	-	-
- Total						
- Amount	381.32	1,347.66	1,021.37	1,112.97	-	-
- Percentage	100.00%	100.00%	100.00%	100.00%	-	-
Stores and spares and packing materials						
- Imported						
- Amount	3.06	6.25	3.70	6.12	-	-
- Percentage	5.42%	2.71%	2.07%	3.99%	-	-
- Indigenous						
- Amount	53.34	224.73	175.21	147.17	-	-
- Percentage	94.58%	97.29%	97.93%	96.01%	-	-
- Total						
- Amount	56.40	230.98	178.91	153.29	-	-
- Percentage	100.00%	100.00%	100.00%	100.00%	-	-

6 Payments to auditors*

(Amounts in ₹ Millions)

Particulars	For the period ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
As auditor						
Statutory audit (including reviews)	0.40	1.50	1.50	0.40	0.01	0.01
Reimbursement of expenses	-	0.09	0.02	0.02	-	-
	0.40	**1.59**	**1.52**	**0.42**	**0.01**	**0.01**

* excludes service tax

MONTE CARLO FASHIONS LIMITED
STATEMENT OF NOTES TO RESTATED SUMMARY STATEMENTS OF THE COMPANY (Contd…)
Annexure 5

7 **Leases**
The Company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from 1 to 12 years with a lock-in period of 1 – 3 years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. There are no restrictions imposed on the Company under the lease arrangement.

The minimum lease payments for the lock-in period are as under:

(Amounts in ₹ Millions)

Particulars	For the period ended		For the year ended			
	30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Year ending after balance sheet date:						
Not later than one year	60.34	64.35	47.22	21.14	-	-
Later than one year but not later than five years	167.31	213.64	236.78	230.92	-	-
Later than five years	25.04	38.74	90.31	143.40	-	-

8 The Company is primarily engaged in the business of manufacturing/trading of textile garments. Accordingly, the entire operations of the Company are governed by the same set of risk and rewards and thus, it operates in a single primary segment. The Company is mainly operating in India which is considered to be the only reportable geographical segment. The disclosures as per the Accounting Standards (AS) 17 on Segment Reporting prescribed by the Companies (Accounting Standards) Rules 2006 are not applicable to the Company.

9 As per the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of transactions with associated enterprises and maintain adequate documentation (i.e. 'transfer pricing study') in this respect. Law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a transfer Pricing study to confirm that the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". The Company is in process of getting transfer pricing study report from independent consultant. Based on certification in the form 3CEB issued for the year ended 31 March 2013 under section 92 E of the Income Tax Act by an independent Chartered Accountant and its own assessment, management is of the opinion that the Company's transactions are at arm's length and that the results of the proposed study will not have any impact on the financial statements and that they do not expect any transfer pricing adjustments.

10 Some of the exclusive Company owned showrooms were operated and managed by the Company, which are taken by the Company on lease. With effect from 01 April 2012, these showrooms were transferred to Vanaik Spinning Mills Limited. However, due to procedural/practical difficulties and additional costs involved in the transfer of lease agreements, the lease rental of showrooms, till the time these showrooms continued to be managed by Vanaik Spinning Mills Limited (till 31 August 2013), were paid by the Company to the lessor and the amount so paid was reimbursed by Vanaik Spinning Mills Limited to the Company.

11 At present, 18 Exclusive Retail Outlets are owned, managed and operated by the Company. Out of these 18 outlets, the Company has already obtained registration under Shops and Establishment Act in respect of its 16 outlets. Company has already filled application in respect of 1 outlet in Bangalore and is in the process of filing the application in respect of remaining 1 outlet.

12 Pursuant to Notification no. 11/2013- Central Excise dated 1 March 2013, excise duty is exempted for textile business with effect from 1 March 2013, accordingly there are no excise duty during the three months period ended 30 June 2014 and year ended 31 March 2014.

13 Revenue from operations for the year ended 31 March 2013 as mentioned in Annexure 24 includes sales amounting to ₹ 66.48 millions to Vanaik Spinning Mills Limited, one of the related parties of the Company on account of transfer of Company owned showrooms on 1 April 2012. Purchase for the year ended 31 March 2014 as mentioned in Annexure 27 includes purchases amounting to ₹ 55.00 millions from Vanaik Spinning Mills Limited on account of taken back of Company owned showrooms on 1 September 2013.

14 **Modifications in the standard auditor's report and standard report under Companies Auditors Report Order, 2003**
Following are the audit modifications which do not require any corrective adjustment in the financial information:

Financial year ended 31 March 2012

i) The Company does not have any internal audit system.

ii) There have been delays in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, cess, service tax and any other material statutory dues as applicable to it with the appropriate authorities. Undisputed amounts payable in respect of abovementioned dues amounting to ₹ 1.96 million were in arrears as at 31 March 2012 for a period more than six months from the date they become payable.

iii) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amounts in ₹ Millions	Forum where dispute is pending
Central Sales Tax Act, 1956	Fine and penalty	0.41	Director of Commercial Trade (Appeals)
West Bengal Value Added Tax Act, 2003	Fine and penalty	2.51	Director of Commercial Trade (Appeals)

Financial year ended 31 March 2013

i) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

ii) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amounts in ₹ Millions	Forum where dispute is pending
West Bengal Value Added Tax Act, 2003	Tax, Interest and Penalty	2.51	Deputy Commissioner of Commercial Taxes, Kolkata
Central Sales Tax Act, 1956	Tax, Interest and Penalty	0.41	Deputy Commissioner of Commercial Taxes, Kolkata
West Bengal Value Added Tax Act, 2003	Penalty	0.23	Appellate and Revisional Board, Kolkata

Financial year ended 31 March 2014

i) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

ii) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amounts in ₹ Millions	Forum where dispute is pending
West Bengal Value Added Tax Act, 2003	Interest	0.13	Deputy Commissioner of Commercial Taxes, Kolkata
Central Sales Tax Act, 1956	Interest	0.02	Deputy Commissioner of Commercial Taxes, Kolkata
West Bengal Value Added Tax Act, 2003	Penalty	0.23	Appellate and Revisional Board, Kolkata
Central Sales Tax Act, 1956	Interest	0.12	West Bengal, Commercial taxes Appellate & Revisional Board

MONTE CARLO FASHIONS LIMITED
STATEMENT OF RECONCILIATION OF RESTATED PROFITS/(LOSS) TO PROFITS/(LOSS) AS PER AUDITED FINANCIAL STATEMENTS
Annexure 6

(Amounts in ₹ Millions)

Particulars	For the period ended	For the year ended				
	30 June 2014	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**	**31 March 2010**
Profit/(loss) after tax (as per audited financial statements)	84.37	544.04	459.40	519.18	(0.01)	(0.01)
Restatement adjustments						
Revenue from operations (Refer Note 1)	-	6.28	2.08	(8.35)	-	-
Changes in inventories of finished goods, work-in-process and traded goods (Refer Note 1 and 5)	-	(4.68)	19.08	(14.39)	-	-
Other expenses:						
Lease straight lining (Refer Note 2)	-	-	(2.44)	(5.13)	-	-
Provision for discount (Refer Note 3)	-	4.01	1.03	(5.04)	-	-
Provision for sales return (Refer Note 4)	-	-	18.25	(18.25)	-	-
Preliminary expenses (Refer Note 6)	-	-	-	1.37	-	-
Advertisement (Refer Note 7, 8 & 10)	-	(0.86)	(0.42)	(4.92)	-	-
Power and fuel (Refer Note 7)	-	-	-	(0.06)		
Rent (Refer Note 8)	-	-	-	(0.22)	-	-
Discount (Refer Note 8)	-	-	(0.35)	-	-	-
Others (Refer Note 7 & 8)		(0.32)	(0.88)	(0.35)	-	-
Other income						
Interest income (Refer Note 8)	-	-	(0.37)	(0.21)	-	-
Prior period expenses (Refer Note 7, 8, 9 & 10)	1.24	9.64	6.09	12.97	-	-
Income tax (Refer Note 11)	-	(0.32)	0.94	(0.62)		
Tax impact on restatement adjustments (Refer Note 12)	(0.43)	(4.77)	(13.36)	18.55	-	-
Profit/(loss) after tax, as restated	**85.18**	**553.02**	**489.04**	**494.53**	**(0.01)**	**(0.01)**

Notes:

1. During the years ended 31 March 2013 and 2012 the Company had recognised sales of ₹ 6.28 million and ₹ 8.35 million respectively for which risk and reward had not been transferred before the year end. Accordingly, such sales have been reversed in those years and adjusted in the respective years. Corresponding adjustment of inventory has also been made in the restated financials in the respective years.
2. During the years ended 31 March 2013 and 2012 the Company had recognised rent expense on the actual basis. Adjustment for impact of straight lining of rent expense as per AS-19 "Leases" has been made in the restated financials.
3. During the years ended 31 March 2013 and 2012, the Company had recorded discounts in the year in which discount have been offered. Accordingly, adjustment for provision for discount have been made in the restated financials on best estimate basis in the year(s) in which goods were actually sold.
4. During the years ended 31 March 2012, the Company had recorded sales return in the year in which goods are returned. Accordingly, adjustment for provision for sales return have been made in the restated financials on best estimate basis in the year(s) in which goods were actually sold.
5. During the years ended 31 March 2012, there was an error in valuation of finished goods. Accordingly, adjustment for the same has been made in the restated financials.
6. During the year ended 31 March 2012, the Company had expensed off the preliminary expenses incurred prior to 01 April 2009 amounting to 1.37 million. In these restated summary statements, such expense has been adjusted against opening balance of reserve and surplus as on 01 April 2009.
7. During the period ended 30 June 2014 the Company has recorded prior period expense of ₹ 1.24 million. In the restated summary statements, such expense has been adjusted in the respective years of origination.
8. During the years ended 31 March 2014 the Company had recorded prior period expense of ₹ 2.07 million. Out of this, ₹ 2.03 million has been adjusted in the respective years of origination and ₹ 0.04 million have been adjusted against opening balance of general reserves as on 01 April 2011.
9. During the years ended 31 March 2013 the Company had recorded prior period expense of ₹ 6.09 million. Out of this, ₹ 5.70 million has been adjusted in the respective years of origination and ₹ 0.39 million have been adjusted against opening balance of general reserves as on 01 April 2011.
10. During the year ended 31 March 2012, the Company had recorded prior period expense of ₹ 12.97 million. In these restated summary statements, such expenses have been adjusted against opening balance of general reserves as on 01 April 2011.
11. During the years ended 31 March 2014 and 2013 certain taxes have been accounted for pertaining to earlier years based on intimations/ orders received from Income-tax authorities. For the purpose of the restated summary statements, such items have been appropriately adjusted to the respective years to which they relate.
12. The restated summary statements have been adjusted for the tax impact of the restatement adjustments identified above.

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MONTE CARLO FASHIONS LIMITED
STATEMENT OF SHARE CAPITAL, AS RESTATED
Annexure 7

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014		31 March 2014		31 March 2013		31 March 2012		31 March 2011		31 March 2010	
	Number	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**
Authorised share capital												
Equity shares of ₹ 10 each	25,000,000	250.00	25,000,000	250.00	25,000,000	250.00	25,000,000	250.00	25,000,000	250.00	25,000,000	250.00
	25,000,000	250.00	25,000,000	250.00	25,000,000	250.00	25,000,000	250.00	25,000,000	250.00	25,000,000	250.00
Issued, subscribed and fully paid up												
Equity shares of ₹ 10 each	21,732,064	217.32	21,732,064	217.32	21,732,064	217.32	18,858,500	188.59	50,000	0.50	50,000	0.50
Total	**21,732,064**	**217.32**	**21,732,064**	**217.32**	**21,732,064**	**217.32**	**18,858,500**	**188.59**	**50,000**	**0.50**	**50,000**	**0.50**
a. Reconciliation of equity share capital												
Balance at the beginning of the year	21,732,064	217.32	21,732,064	217.32	18,858,500	188.59	50,000	0.50	50,000	0.50	50,000	0.50
Add: Share issued during the year	-	-	-	-	2,873,564	28.74	10,093,500	100.94	-	-	-	-
Add: Bonus shares issued during the year	-	-	-	-	-	-	8,715,000	87.15	-	-	-	-
Balance at the end of the year	21,732,064	217.32	21,732,064	217.32	21,732,064	217.32	18,858,500	188.59	50,000	0.50	50,000	0.50
b) Shareholders holding more than 5% of the shares	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Equity shares of ₹ 10 each												
Oswal Woolen Mills Limited*	910,570	4.19	-	-	-	-	-	-	49,400	98.80	49,400	98.80
Sidhant & Mannat Company Limited	4,404,000	20.26	4,404,000	20.26	4,404,000	20.26	-	-	-	-	-	-
Simran & Shanaya Company Limited	4,404,000	20.26	4,404,000	20.26	4,404,000	20.26	-	-	-	-	-	-
Kanchi Investments Limited	4,022,990	18.51	4,022,990	18.51	4,022,990	18.51	-	-	-	-	-	-
Nagdevi Trading and Investment Company Limited	1,185,150	5.45	1,185,150	5.45	1,185,150	5.45	6,191,364	32.83	-	-	-	-
Nahar Capital and Financial Services Limited	1,575,000	7.25	1,575,000	7.25	1,575,000	7.25	1,575,000	8.35	-	-	-	-
Abhilash Growth Fund Private Limited	1,177,168	5.42	1,177,168	5.42	1,177,168	5.42	1,177,168	6.24	-	-	-	-
Girnar Investment Limited**	825,714	3.80	825,714	3.80	825,714	3.80	5,229,714	27.73	-	-	-	-

* Pursuant to merger of Ludhiana Holdings Limited into Oswal Woolen Mills limited, 910,570 shares held by Ludhiana Holdings Limited has been transferred to Oswal Woolen Mills Limited during the period ended 30 June 2014.
** Pursuant to transfer/issuance of shares during the year ended 31 March 2013, shareholding of these shareholders holding more than 5% shares as at 31 March 2012 has declined to below 5% as at 31 March 2013, 31 March 2014 and 30 June 2014.

c) Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back during the last 5 years to be given for each class of shares
(i) The Company issued 8,715,000 bonus equity shares in the year 2011-2012 in the ratio of 1:1. There has been no buy-back of shares in the current year and preceding five years.

(ii) The Company has made preferential allotment of 2,873,564 shares in 2012-13 to Kanchi Investments Limited, Mauritius and 714,250 shares to Mr. Jawahar Lal Oswal, 178,563 shares to Mr. Kamal Oswal and 535,687 shares to Mr. Dinesh Oswal in 2011-12.
(iii) The Company has issued 8,665,000 equity shares pursuant to demerger scheme approved by Hon'ble High Court of Punjab & Haryana during the year ended 31 March 2012.

d) The Company has only one class of equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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MONTE CARLO FASHIONS LIMITED
STATEMENT OF RESERVES AND SURPLUS, AS RESTATED
Annexure 8

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Capital reserves*						
Balance at the beginning of the year	0.00	0.00	0.00	-	-	-
Add : Transferred as part of demerger scheme (refer note 2 of Annexure 5)	-	-	-	0.00	-	-
Balance at the end of the year (A)	0.00	0.00	0.00	0.00	-	-
Securities premium reserve						
Balance at the beginning of the year	1,286.97	1,286.97	65.71	-	-	-
Add : Additions made during the year	-	-	1,221.26	65.71	-	-
Balance at the end of the year (B)	**1,286.97**	**1,286.97**	**1,286.97**	**65.71**	**-**	**-**
Special reserve**						
Balance at the beginning of the year	1,760.00	-	-	-	-	-
Add: Transfer from general reserve	-	1,760.00	-	-	-	-
Balance at the end of the year (C)	**1,760.00**	**1,760.00**	**-**	**-**	**-**	**-**
General reserves						
Balance at the beginning of the year	490.24	1,710.24	1,260.24	-	-	-
Add : Transfer from surplus in the Statement of Profit and Loss	-	540.00	450.00	500.00	-	-
Add : Transferred as part of demerger scheme (refer note 2 of Annexure 5)	-	-	-	860.79	-	-
Less: Restatement adjustments		-	-	(13.40)	-	-
Less : Utilised for issuance of bonus shares	-	-	-	(87.15)	-	-
Less : Transfer to special reserve	-	(1,760.00)	-	-	-	-
Less: Adjustment on account of Schedule II of the Companies Act, 2013 (net of tax adjustment)***	(2.67)	-	-	-	-	-
Balance at the end of the year (D)	**487.57**	**490.24**	**1,710.24**	**1,260.24**	**-**	**-**
Surplus in the statement of profit and loss						
Balance at the beginning of the year	45.20	32.18	(6.87)	(1.40)	(1.39)	(0.01)
Less: Adjustment in opening retained earnings (Refer Note 6 of Annexure 6)	-	-	-	-	-	(1.37)
Add : Profit for the year	85.18	553.02	489.04	494.53	(0.01)	(0.01)
Less : Transferred to general reserve	-	(540.00)	(450.00)	(500.00)	-	-
Balance at the end of the year (E)	**130.38**	**45.20**	**32.18**	**(6.87)**	**(1.40)**	**(1.39)**
Total (A+B+C+D+E)	**3,664.91**	**3,582.40**	**3,029.39**	**1,319.08**	**(1.40)**	**(1.39)**

* Capital reserves of ₹ 569 has been transferred as part of demerger scheme, which is rounded off to Nil in ₹ millions.
** Pursuant to board resolution dated 21 March 2014, the Company has transferred a sum of ₹ 1,760 million to special reserve for the purpose of future acquisitions of any brand or business in line with the existing business of the company to facilitate the expansion of its operations.
*** Refer footnote in Annexure 16

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MONTE CARLO FASHIONS LIMITED
STATEMENT OF LONG TERM BORROWINGS, AS RESTATED
Annexure 9

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014 Non current portion	30 June 2014 Current maturities	31 March 2014 Non current portion	31 March 2014 Current maturities	31 March 2013 Non current portion	31 March 2013 Current maturities	31 March 2012 Non current portion	31 March 2012 Current maturities	31 March 2011 Non current portion	31 March 2011 Current maturities	31 March 2010 Non current portion	31 March 2010 Current maturities
Secured												
Term loans from banks (secured)	593.98	278.38	664.95	285.56	524.65	218.76	431.61	27.07	-	-	-	-
Total	**593.98**	**278.38**	**664.95**	**285.56**	**524.65**	**218.76**	**431.61**	**27.07**	**-**	**-**	**-**	**-**
The above amount includes												
Secured borrowings	593.98	278.38	664.95	285.56	524.65	218.76	431.61	27.07	-	-	-	-
Amount disclosed under the head 'other current liabilities'	-	(278.38)	-	(285.56)	-	(218.76)	-	(27.07)	-	-	-	-
Total	**593.98**	**-**	**664.95**	**-**	**524.65**	**-**	**431.61**	**-**	**-**	**-**	**-**	**-**

Detail of repayment, rate of interest and security details in respect of term loans from banks as at 30 June 2014:

Name of bank	Sanction amount and rate of interest	Amount in ₹ Millions outstanding as at 30 June 2014	Repayment schedule of loans	Tenure of the loan	Security, pre-payment and penalty
State Bank of Patiala	Sanction amount of ₹ 809 million at base rate plus 1%	22.36	8 quarterly installments of ₹ 2.484 million and 1 quaterly installment of ₹ 2.483 million.	10 years	Refer Note 1
State Bank of Patiala	Sanction amount of ₹ 50 million at base rate plus 1%	1.56	1 quarterly installments of ₹ 1.56 million.	9 years	Refer Note 2
Allahabad Bank	Sanction amount of ₹ 12.90 million at base rate plus 0.80%	5.16	3 quarterly installments of ₹ 1.57 million and 1 quaterly installment of ₹ 0.45 million.	10 years	Refer Note 3
Indian Bank	Sanction amount of ₹ 1,308.60 million at base rate plus 0.80%	843.28	12 quarterly installments of ₹ 65.43 million and 1 quaterly installment of ₹ 58.12 million.	7 years	Refer Note 4

Notes:

1. Security in respect of term loan facility availed through State Bank of Patiala:

Primary Security :
First pari-passu charge on the Company's entire present and future movable and immovable assets with other term lenders including equitable mortgage of factory land held in the name of the Company.

Collateral Security:
Second charge on current assets of the Company shall also be available with other term lenders including our Bank for the proposed term loan on pari-passu basis.

Personal Guarantee:
Shri. Jawahar Lal Oswal
Shri Kamal Oswal
Shri Dinesh Oswal

Pre-payment terms
2% of the amount pre-paid

Penalty
2% above applicable rate shall be charged on any amount overdue beyond 30 days

2. Security in respect of term loan facility availed through State Bank of Patiala:

Primary Security :
Hypothecation charge on first pari-passu basis with other term lenders on all the factories plant & machinery including the proposed machines and equitable mortgage of factories land & building situated at Ludhiana.

Personal Guarantee:
Shri. Jawahar Lal Oswal
Shri Kamal Oswal
Shri Dinesh Oswal

Pre-payment terms
1% p.a. on the amount pre-paid for the remaining period of maturity

Penalty
In case of default in payment of due amounts, penal interest @1% will be levied for the delayed period.

3. Security in respect of term loan facility availed through Allahabad Bank:

Primary Security :
Exclusisve first charge on plant and machinery to be acquired out of above term loan under the subject project.

Collateral Security:
1) Second charge on the block of assets of the company on pari - passu basis.
2) Second joint pari-passu charge over the movable assets of the company subject to prior charge of the banks meeting working capital requirment of the company.

Pre-payment terms
There is no pre-payment clause.

Penalty
There is no penalty clause.

4. Security in respect of term loan facility availed through Indian Bank:

Primary Security :
1) Fixed assets to be aquired out of bank loan including land and building estimated at ₹ 1,338.60 million. For creation of EM on the land to be acquired, 3 month time is permitted & pari pasu charge to be created with Term lenders as at point no. 2 below

2) 1st charge on fixed assets of the Company both present and future on pari passu basis with the existing term loan lenders. Present value of fixed assets is ₹ 359.70 million as per provisional Balance Sheet as on 1.4.2011 (excluding the value of building - ₹ 12 million)

Collateral Security:
2nd pari passu charge on current assets of the company both present and future. 1st charge being with the banks meeting working capital requirements of the Company.

Personal Guarantee:
Shri. Jawahar Lal Oswal
Shri Kamal Oswal
Shri Dinesh Oswal

Pre-payment terms
Prepayment penalty of 2% of the drawing limit or balance outstanding whichever is higher to be paid except if pre-payment is from internal generations.

Penalty
In case of non-submission/delayed submission of renewal data - 1%
In case of non-submission/delayed submission of balance sheet and quaterly performance details as per stipulated date - 1%
In case of excess over the drawing limit - 2%
In case of non-compliance of terms of sanction within the stipulated time - 1%
In case of default in financial covenant as per norms - 1%
In case of non-submission of required assets and liabilities statement - 1%

MONTE CARLO FASHIONS LIMITED
STATEMENT OF DEFERRED TAX ASSETS/LIABILITIES (NET), AS RESTATED
Annexure 10

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Deferred tax liabilities arising on account of:						
Depreciation and amortization	46.87	54.52	36.62	22.85	-	-
Tax impact on restatement adjustment	-	-	-	-	-	-
Deferred tax assets arising on account of:						
Expenditure incurred under section 35D of Income Tax Act, 1961	6.82	7.44	9.93	-	-	-
Provision for sales returns	2.90	5.44	10.63	-	-	-
Provision for discount	3.81	2.57	-	-	-	-
Lease staright lining	4.10	3.85	-	-	-	-
Loss carried forward	-	-	-	-	0.01	0.01
Tax impact on restatement adjustment	-	0.42	5.19	18.55		
Others	-	-	1.51	0.53	-	-
Deferred taxes liabilities/(assets), net	**29.22**	**34.80**	**9.36**	**3.77**	**(0.01)**	**(0.01)**

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MONTE CARLO FASHIONS LIMITED
STATEMENT OF OTHER LONG TERM LIABILITIES, AS RESTATED
Annexure 11

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Security deposits	79.83	80.22	68.15	55.42	-	-
Deferred payment liability due to lease staright lining	12.08	11.31	7.57	5.13	-	-
Total	**91.91**	**91.53**	**75.72**	**60.55**	**-**	**-**

STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED
Annexure 12

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Working capital borrowings from banks (secured)	540.78	229.74	145.57	185.17	-	-
Total	**540.78**	**229.74**	**145.57**	**185.17**	**-**	**-**

Detail of repayment, rate of interest and security details in respect of working capital borrowings from banks as at 30 June 2014:

Name of bank	Limit and rate of interest	Amount in ₹ Millions outstanding as at 30 June 2014	Repayment schedule of loans	Tenure	Security provided
State Bank of Patiala	Limit of ₹ 240 million at base rate plus 0.75%	8.98	Repayable on demand	12 months	Refer Note 1
Allahabad Bank	Limit of ₹ 360 million at base rate plus 0.80%	20.46	Repayable on demand	1 year	Refer Note 1
State Bank of India	Limit of ₹ 150 million at base rate plus 0.90%	6.49	Repayable on demand	12 months	Refer Note 1
Yes Bank	Overdraft against fixed deposit of ₹ 350 million at 0.50% over and above fixed deposit rate	65.02	Repayable on demand	Maximum 12 months subject to maturity date of fixed deposits under lien	Refer Note 2
IndusInd Bank	Overdraft Limit of ₹ 45 million at 0.75% above fixed deposit rate	39.98	Repayable on demand	1 year or maturity date of deposits, whichever is earlier	Refer Note 3
DCB Bank	Overdraft Limit of ₹ 450 million at 10.50% p.a.	399.85	Repayable on demand	Till the maturity date of deposits	Refer Note 4

Notes:
1. Security in respect of cash credit facilities availed through consortium arrangement of State Bank of Patiala, Allahabad Bank and State Bank of India

Primary Security :
First pari-passu charge on the all current assets of the Company (present and future).
Collateral Security:
Second pari-passu charge on the Company's entire present and future block of assets of the Company including equitable mortgage of factory land held in the name of the Company.

1) Plot No. 231, measuring 4,880 sq yards at Industrial Area A, Ludhiana. (Sale deed no. 2640 dated 20 September 1956)
2) Plot No. 232, measuring 2,135 sq yards at Industrial Area A, Ludhiana (Sale deed no. 2135 dated 07 September 1964)
3) Land measuring 14,278 sq yards at Sherpur Kalan, GT Road, Ludhiana (Sale deed no. 14397 dated 13 October 2011)
4) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 117.50 sq. yards (Sale deed no. 14721 dated 14 January1986)
5) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 117.50 sq. yards (Sale deed no. 15516 dated 27 January1986)
6) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 125 sq. yards (Sale deed no. 14722 dated 14 January 1986)
7) Part of Plot No. 172 bearing M.C. No. B-XXIII-66/1 in Industrial Area-A, Ludhiana measuring 125 sq. yards (Sale deed no. 15517 dated 27 January 1986)

Personal Gaurantee
Shri. Jawahar Lal Oswal
Shri Kamal Oswal
Shri Dinesh Oswal

2. Security in respect of overdraft facility from Yes Bank
Fixed deposits to the extent of 105% of the facility amount duly lien marked in favor of the lender.

3. Security in respect of overdraft facility from IndusInd Bank
Pledge of deposit receipts having maturity value aggregating ₹ 65.75 millions (Maturity Date : 4 July 2014)

4. Security in respect of overdraft facility from DCB Bank
Pledge of deposit receipts having face value aggregating ₹ 650 millions

MONTE CARLO FASHIONS LIMITED
STATEMENT OF TRADE PAYABLES, AS RESTATED
Annexure 13

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Dues to micro small and medium enterprises (refer note (a) below)	-	-	-	-	-	-
Dues to others*	846.56	788.90	408.34	370.54	-	-
Total	**846.56**	**788.90**	**408.34**	**370.54**	**-**	**-**
* Includes amounts due to related parties (Also refer Annexure 33)	513.96	340.83	66.85	52.04	-	-

Note a
Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, have been identified on the basis of information available with the Company. There was no amount due to any such entities for more than 30 days which needs to be disclosed. This has been relied upon by the auditors.

STATEMENT OF OTHER CURRENT LIABILITIES, AS RESTATED
Annexure 14

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Current maturities of long term borrowings	278.38	285.56	218.76	27.07	-	-
Interest accrued on borrowings	8.63	0.29	6.01	3.58	-	-
Statutory dues	9.43	25.53	20.41	42.20	-	-
Employee related payables*	48.24	32.98	25.03	17.29	-	-
Other payables						
Holding company (Also refer Annexure 33)	-	-	-	-	0.98	0.91
Creditors for capital goods	145.31	200.20	106.82	38.85	-	-
Advance from customers	176.23	48.05	31.85	41.94	-	-
Security deposits	23.45	24.25	4.60	3.00	-	-
Others	0.65	-	-	-	0.01	0.01
Book overdraft	6.68	-	-	-	-	-
Total	**697.00**	**616.86**	**413.48**	**173.93**	**0.99**	**0.92**
* Includes amounts due to Key managerial personnels (Also refer Annexure 33)	3.68	2.64	1.68	1.44	-	-

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MONTE CARLO FASHIONS LIMITED
STATEMENT OF SHORT TERM PROVISIONS, AS RESTATED
Annexure 15

(Amounts in ₹ Millions)

Particulars	30 June 2014	31 March 2014	As at 31 March 2013	31 March 2012	31 March 2011	31 March 2010
Provision for gratuity (refer note (a) below)	1.59	-	7.48	1.38	-	-
Provision for wealth tax	0.10	0.10	0.08	0.03	-	-
Provision for sales returns (refer note (b) below)	8.54	15.26	31.28	18.25	-	-
Provision for discount (refer note (c) below)	11.22	7.55	4.01	5.04	-	-
Total	**21.45**	**22.91**	**42.85**	**24.70**	**-**	**-**

(a) Provision for Gratuity

The following table set out the status of the plan for gratuity as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Changes in projected benefit obligation						
Projected benefit obligation at the beginning of the year	45.06	34.52	26.65	-	-	-
Current service cost	5.46 *	4.92	2.53	2.72	-	-
Past service cost	-	-	-	23.93	-	-
Interest cost	0.90	2.76	2.13	-	-	-
Actuarial loss	-	4.81	3.77	-	-	-
Benefits paid	(0.17)	(1.95)	(0.55)	-	-	-
Projected benefit obligation at the end of the year	**51.25 ***	**45.06**	**34.52**	**26.65**	**-**	**-**
* Including actuarial gain/loss						
Changes in the fair value of plan assets						
Opening fair value of plan assets	48.38	27.04	25.27	-	-	-
Expected return on plan assets	1.45	3.28	2.33	-	-	-
Contributions	-	20.00	-	25.27	-	-
Benefits paid	(0.17)	(1.95)	(0.55)	-	-	-
Closing fair value of plan assets	**49.66**	**48.38**	**27.04**	**25.27**	**-**	**-**
Reconciliation of present value of obligation on the fair value of plan assets						
Present value of projected benefit obligation at the end of the year	51.25	45.06	34.52	26.65	-	-
Closing fair value of plan assets	49.66	48.38	27.04	25.27	-	-
Net liability/(assets) recognized in balance sheet	**1.59**	**(3.32) ****	**7.48**	**1.38**	**-**	**-**
** included in short term loans and advances						
Components of net gratuity costs are						
Service cost	5.46	4.92	2.53	2.72	-	-
Interest cost	0.90	2.76	2.13	-	-	-
Expected return on plan assets	(1.45)	(3.28)	(2.33)	-	-	-
Recognized net actuarial loss	-	4.81	3.77	-	-	-
Net gratuity costs	**4.91**	**9.21**	**6.10**	**2.72**	**-**	**-**
Assumptions used						
Discount rate	8.0%	8.0%	8.0%	8.0%	-	-
Rate of increase in compensation levels	7.0%	7.0%	7.0%	7.0%	-	-

The disclosure for current year and previous years is as follows:	As at 30 June 2014	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Defined benefit (asset)/obligation	1.59	(3.32)	7.48	1.38

(b) Reconciliation of provision for sales return						
Provision at the beginning of the year	15.26	31.28	18.25	-	-	-
Add: Provided during the year	8.54	15.26	31.28	18.25	-	-
Less: Utilised during the year	15.26	31.28	18.25	-	-	-
Provision at the end of the year	**8.54**	**15.26**	**31.28**	**18.25**	**-**	**-**
(c) Reconciliation of provision for discount						
Provision at the beginning of the year	7.55	4.01	5.04	-	-	-
Add: Provided during the year	11.22	7.55	4.01	5.04	-	-
Less: Utilised during the year	7.55	4.01	5.04	-	-	-
Provision at the end of the year	**11.22**	**7.55**	**4.01**	**5.04**	**-**	**-**

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MONTE CARLO FASHIONS LIMITED
STATEMENT OF FIXED ASSETS, AS RESTATED
Annexure 16

For the period ended 30 June 2014

(Amounts in ₹ Millions)

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 1 April 2014	Additions during the period	Sales / adjustment during the year*	As at 30 June 2014	As at 1 April 2014	For the period	Sales / Adjustment during the period*	As at 30 June 2014	As at 30 June 2014	As at 31 March 2014
Tangible assets										
Freehold land	155.49	-	-	155.49	-	-	-	-	155.49	155.49
Buildings	766.05	-	2.50	763.55	55.93	15.77	2.44	69.26	694.29	710.12
Plant and equipment	1,401.38	60.76	148.48	1,313.65	645.69	44.05	145.77	543.96	769.69	755.69
Office equipments	26.75	2.84	5.55	24.04	9.64	2.23	3.95	7.92	16.12	17.11
Furniture and fixture	32.65	3.54	0.51	35.67	17.51	2.22	0.49	19.24	16.43	15.14
Vehicles	28.64	1.71	0.02	30.33	10.36	1.56	0.01	11.89	18.43	18.29
Total	**2,410.96**	**68.85**	**157.07**	**2,322.74**	**739.13**	**65.83**	**152.66**	**652.27**	**1,670.44**	**1,671.85**
Intangible assets										
Computer software	1.45	0.05	-	1.51	0.31	0.07	-	0.38	1.13	1.15
Total	**1.45**	**0.05**	**-**	**1.51**	**0.31**	**0.07**	**-**	**0.38**	**1.13**	**1.15**

* Pursuant to the enactment of Schedule II to the Companies Act, 2013 with effect from 01 April 2014, the management has reassessed and revised wherever necessary the useful lives of the assets to compute depreciation to conform with its requirements. Had the Company continued with the previously assessed useful lives, charge for depreciation for three months ended 30 June 2014 would have been lower by ₹ 14.28 millions and the profit before tax would have been higher by such amount. Further, as provided under Schedule II, the carrying amount of the assets (having Gross block of ₹ 155.06 millions and accumulated depreciation of ₹ 151.02 millions as included in 'sales/adjustment' column above) whose reassessed remaining useful life is Nil as at 01 April 2014 (after retaining the net realizable value and net of deferred tax of ₹ 1.37 million) has been adjusted from to the retained earnings. The above being in the nature of change in management's estimate, the same has not been considered as adjustment for the purpose of restated financial statements.

For the year ended 31 March 2014

(Amounts in ₹ Millions)

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 1 April 2013	Additions during the year	Sales / adjustment during the year	As at 31 March 2014	As at 1 April 2013	For the year	Sales / Adjustment during the year	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
Tangible assets										
Freehold land	135.21	20.28	-	155.49	-	-	-	-	155.49	135.21
Buildings	420.96	345.09	-	766.05	10.96	44.97	-	55.93	710.12	410.00
Plant and equipment	1,019.61	383.33	1.56	1,401.38	540.27	106.82	1.40	645.69	755.69	479.33
Office equipments	14.83	12.04	0.12	26.75	8.09	1.61	0.06	9.64	17.11	6.74
Furniture and fixture	22.43	10.35	0.13	32.65	13.74	3.90	0.13	17.51	15.14	8.69
Vehicles	20.13	9.40	0.89	28.64	6.42	4.60	0.66	10.36	18.28	13.71
Total	**1,633.17**	**780.49**	**2.70**	**2,410.96**	**579.48**	**161.90**	**2.25**	**739.13**	**1,671.83**	**1,053.69**
Intangible assets										
Computer software	0.12	1.33	-	1.45	0.12	0.19	-	0.31	1.15	0.00
Total	**0.12**	**1.33**	**-**	**1.45**	**0.12**	**0.19**	**-**	**0.31**	**1.15**	**0.00**

For the year ended 31 March 2013

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 1 April 2012	Additions during the year	Sales / adjustment during the year	As at 31 March 2013	As at 1 April 2012	Additions/adjustment during the year*	Sales / Adjustment during the year	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangible assets										
Freehold land	121.89	13.32	-	135.21	-	-	-	-	135.21	121.89
Buildings	22.89	398.07	-	420.96	9.55	1.41	-	10.96	410.00	13.34
Plant and equipment	814.62	205.02	0.03	1,019.61	480.48	59.82	0.03	540.27	479.34	334.14
Office equipments	13.58	1.28	0.03	14.83	6.83	1.27	0.01	8.09	6.74	6.75
Furniture and fixture	19.48	2.99	0.04	22.43	11.00	2.77	0.03	13.74	8.69	8.48
Vehicles	10.11	10.02	-	20.13	3.50	2.92	-	6.42	13.71	6.60
Total	**1,002.57**	**630.70**	**0.10**	**1,633.17**	**511.36**	**68.19**	**0.07**	**579.48**	**1,053.69**	**491.21**
Intangible assets										
Computer software	0.12		-	0.12	0.12	0.00	-	0.12	0.00	0.00
Total	**0.12**	**-**	**-**	**0.12**	**0.12**	**0.00**	**-**	**0.12**	**0.00**	**0.00**

For the year ended 31 March 2012

(Amounts in ₹ Millions)

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 1 April 2011	Additions during the year*	Sales / adjustment during the year	As at 31 March 2012	As at 1 April 2011	Additions/adjustment during the year*	Sales / Adjustment during the year	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
Tangible assets										
Freehold land	-	121.89	-	121.89	-	-	-	-	121.89	-
Buildings	-	23.18	0.29	22.89	-	9.65	0.10	9.55	13.34	-
Plant and equipment	-	815.09	0.47	814.62	-	480.48	-	480.48	334.14	-
Office equipments	-	13.58	-	13.58	-	6.83	-	6.83	6.75	-
Furniture and fixture	-	21.77	2.29	19.48	-	12.63	1.63	11.00	8.48	-
Vehicles	-	10.49	0.38	10.11	-	3.77	0.27	3.50	6.60	-
Total	**-**	**1,006.00**	**3.43**	**1,002.57**	**-**	**513.36**	**2.00**	**511.36**	**491.21**	**-**
Intangible assets										
Computer software	-	0.12	-	0.12	-	0.12	-	0.12	0.00	-
Total	**-**	**0.12**	**-**	**0.12**	**-**	**0.12**	**-**	**0.12**	**0.00**	**-**

* Refer note (a) below

MONTE CARLO FASHIONS LIMITED
STATEMENT OF CAPITAL ASSETS, AS RESTATED (Contd….)
Annexure 16

	As at					
Capital work-in-progress:	**30 June 2014**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**	**31 March 2010**
Building under construction	158.41	137.79	201.93	178.00	-	-
Machinery	17.59	53.81	13.73	2.40	-	-
Borrowing cost	13.39	10.55	12.42	12.68	-	-
	189.39	**202.15**	**228.08**	**193.08**	**-**	**-**

Notes:
a) Assets transferred as part of demerger (refer note 2 of Annexure 5) as shown under additions to fixed assets for the year ended 31 March 2012 are detailed below:

	Gross Block	**Accumulated depreciation**	**Written down value**
Buildings	20.35	8.32	12.03
Plant and equipment	780.44	432.64	347.80
Furniture and fixture	19.09	10.21	8.88
Vehicles	5.39	2.42	2.97
Intangible assets	0.12	0.12	0.01
Capital work-in-progress	0.08	-	0.08
	825.47	**453.70**	**371.77**

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MONTE CARLO FASHIONS LIMITED
STATEMENT OF INVESTMENTS, AS RESTATED
Annexure 17

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014 Non-current	30 June 2014 Current	31 March 2014 Non-current	31 March 2014 Current	31 March 2013 Non-current	31 March 2013 Current	31 March 2012 Non-current	31 March 2012 Current	31 March 2011 Non-current	31 March 2011 Current	31 March 2010 Non-current	31 March 2010 Current
Investments in mutual funds (quoted)												
ICICI prudential FMP series 66 - plan E direct plan cumulative, 1,500,000 units of ₹ 10 each	-	-	-	15.00 *	15.00	-	-	-	-	-	-	-
Reliance Dynamic Bond Fund, 3,213,609 units of ₹ 15.56 each	-	-	-	-	-	50.00	-	-	-	-	-	-
UTI Dynamic Bond Fund, 3,170,920 units of ₹ 12.61 each	-	-	-	-	-	40.00	-	-	-	-	-	-
UTI Income Opportunities Fund - Growth Plan, 979,873 units ₹ 10.2054 each	-	10.00	-	10.00	-	10.00	-	-	-	-	-	-
UTI Income Opportunities Fund - Growth Plan, 1,957,637 units ₹ 10.2164 each	-	20.00	-	20.00	-	20.00						
SBI Short Term Debt Fund - direct plan, 2,263,246 units of ₹ 13.26 each	-	-	-	-	-	30.00	-	-	-	-	-	-
IDFC Dynamic Bond Fund, 2,877,065 units of ₹ 13.90 each	-	-	-	-	-	40.00	-	-	-	-	-	-
SBI Dynamic Bond Fund - direct plan, 2,745,126 units of ₹ 14.57 each	-	-	-	-	-	40.00	-	-	-	-	-	-
SBI Magnum Income Fund - direct plan, 696,653 units of ₹ 28.71 each	-	-	-	-	-	20.00	-	-	-	-	-	-
ICICI Prudential Income Opportunity - direct plan growth, 3,441,531 units of ₹ 15.98 each	-	-	-	-	-	55.00	-	-	-	-	-	-
Templeton India Income Opportunities Fund - Growth, 1,527,767 units of ₹ 13.091 each	-	20.00	-	20.00	-	20.00	-	-	-	-	-	-
Templeton India Income Opportunities Fund - Growth, 1,528,234 units of ₹ 13.087 each	-	20.00	-	20.00	-	20.00	-	-	-	-	-	-
J.P. Morgan India Fixed Maturity Plan Series 15 - direct growth, 1,000,000 units of ₹ 10.00 each	-	-	-	10.00	-	10.00	-	-	-	-	-	-
L&T FMP - VII direct plan - growth, 1,000,000 units of ₹ 10.00 each	-	10.00	-	10.00	-	10.00	-	-	-	-	-	-
IDBI FMP, 2,000,000 units of ₹ 10.00 each	-	-	-	-	-	20.00	-	-	-	-	-	-
Birla Sun Life Fixed Term Plan - Series JX (427 Days), 2,000,000 units of ₹ 10 each	-	20.00 *	20.00	-	-	-	-	-	-	-	-	-
HDFC FMP 478D January 2014(1) Series 29 - Direct - Growth, 3,000,000 units of ₹ 10 each	-	30.00 *	30.00	-	-	-	-	-	-	-	-	-
IDFC Fixed Term Plan Series 62 Direct Plan - Growth, 1,000,000 units of ₹ 10 each	-	10.00 *	10.00	-	-	-	-	-	-	-	-	-
SBI Debt Fund Series A1 15 Months -Direct - Growth, 1,500,000 units of ₹ 10 each	-	15.00 *	15.00	-	-	-	-	-	-	-	-	-
SBI Debt Fund Series A2 15 Months -Direct - Growth, 2,000,000 units of ₹ 10 each	-	20.00 *	20.00	-	-	-	-	-	-	-	-	-
L&T FMP Series 10 - Plan H - Direct Growth, 2,000,000 units of ₹ 10 each	-	20.00 *	20.00	-	-	-	-	-	-	-	-	-
Axis Fixed Term Plan - Series 49 (437) Days Direct Growth, 2,500,000 units of ₹ 10 each	-	25.00 *	25.00	-	-	-	-	-	-	-	-	-
Birla Sun Life Fixed Term Plan - Series JU (369 Days), 2,000,000 units of ₹ 10 each	-	20.00	-	20.00	-	-	-	-	-	-	-	-
Birla Sun Life Fixed Term Plan - Series JY (367 Days), 1,000,000 units of ₹ 10 each	-	10.00	-	10.00	-	-	-	-	-	-	-	-
DSP Blackrock FMP Series - 12M - Dir - Growth, 1,000,000 units of ₹ 10 each	-	10.00	-	10.00	-	-	-	-	-	-	-	-
HDFC FMP 370D August 2013(3) Series 27 - Direct - Growth, 2,000,000 units of ₹ 10 each	-	20.00	-	20.00	-	-	-	-	-	-	-	-
ICICI Prudential FMP Series 72 366 Days Plan I Direct Plan Cumulative, 2,000,000 units of ₹ 10 each	-	20.00	-	20.00	-	-	-	-	-	-	-	-
ICICI Prudential FMP Series 72 366 Days Plan K Direct Plan Cumulative, 2,000,000 units of ₹ 10 each	-	20.00	-	20.00	-	-	-	-	-	-	-	-
ICICI Prudential FMP Series 72 370 Days Plan G Direct Plan Cumulative, 2,000,000 units of ₹ 10 each	-	20.00	-	20.00	-	-	-	-	-	-	-	-
IDFC Fixed Term Plan Series 27 Direct Plan - Growth, 3,000,000 units of ₹ 10 each	-	30.00	-	30.00	-	-	-	-	-	-	-	-
IDFC Fixed Term Plan Series 65 Direct Plan - Growth, 3,000,000 units of ₹ 10 each	-	30.00	-	30.00	-	-	-	-	-	-	-	-
SBI Debt Fund Series 366 Days 52 -Direct Plan - Growth, 1,500,000 units of ₹ 10 each	-	15.00	-	15.00	-	-	-	-	-	-	-	-
UTI Fixed Term Income Fund Series XVII - X (367 Days) - Direct Growth Plan, 2,000,000 units of ₹ 10 each	-	20.00	-	20.00	-	-	-	-	-	-	-	-
UTI Fixed Term Income Fund Series XVII - XVI (367 Days) - Direct Growth Plan, 2,000,000 units of ₹ 10 each	-	20.00	-	20.00	-	-	-	-	-	-	-	-
Religare Invesco FMP Sr. 22 Plan G (370 Days) - Direct Plan, 2,000,000 units of ₹ 10 each	-	20.00	-	20.00	-	-	-	-	-	-	-	-
UTI Fixed Term Income Fund Series XVII - XVII (368 Days) - Direct Growth Plan, 1,500,000 units of ₹ 10 each	-	15.00	-	-	-	-	-	-	-	-	-	-
HDFC FMP 370D April 2014(1) Series 31 - Direct - Growth, 1,000,000 units of ₹ 10 each	-	10.00	-	-	-	-	-	-	-	-	-	-
Total	**-**	**500.00**	**140.00**	**360.00**	**15.00**	**385.00**	**-**	**-**	**-**	**-**	**-**	**-**
Aggregate value of quoted investments	-	500.00	140.00	360.00	15.00	385.00	-	-	-	-	-	-
Market value of quoted investments	-	529.85	142.43	377.30	15.13	404.80	-	-	-	-	-	-

* The same has been classified as current investment as per guidance of revised schedule VI.

MONTE CARLO FASHIONS LIMITED
STATEMENT OF LOANS AND ADVANCES, AS RESTATED
Annexure 18

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014		31 March 2014		31 March 2013		31 March 2012		31 March 2011		31 March 2010	
	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term
(Unsecured, considered good)												
Security deposits	25.21	0.81	23.61	0.17	16.24	1.13	17.28	1.00	-	-	-	-
Capital advances	13.59	-	18.87	-	55.90	-	114.54	-	-	-	-	-
Income tax (net of provision for tax)	74.56	-	75.86	-	59.67	34.91	35.25	-	-	-	-	-
Advances to suppliers	-	163.06	-	43.97	-	41.23	-	27.31	-	-	-	-
Prepaid expenses	-	56.06	-	53.41	-	19.87	-	2.82	-	-	-	-
Balances with statutory and government authorities	-	28.31	-	9.62	-	12.27	-	29.79	-	-	-	-
Technology Ugradation Fund (TUF) subsidy recoverable	-	55.98	-	48.89	-	21.56	-	5.01	-	-	-	-
Other recoverables*	-	17.83	-	15.70	-	3.13	-	1.82	-	-	-	-
Total	**113.36**	**322.05**	**118.34**	**171.77**	**131.81**	**134.10**	**167.07**	**67.75**	**-**	**-**	**-**	**-**
* Includes amounts due from Key managerial personnel (Also refer Annexure 33)	-	-	-	0.01	-	0.27	-	-	-	-	-	-

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MONTE CARLO FASHIONS LIMITED
STATEMENT OF OTHER NON-CURRENT ASSETS, AS RESTATED
Annexure 19

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Non-current bank balances (refer Annexure 22)	0.10	450.10	-	0.10	-	-
Total	**0.10**	**450.10**	**-**	**0.10**	**-**	**-**

STATEMENT OF INVENTORIES, AS RESTATED
Annexure 20

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Raw materials	295.18	269.56	154.82	180.54	-	-
Work-in-process	184.16	192.10	135.38	157.68	-	-
Finished goods (including traded goods)	1,301.08	899.89	766.76	728.79	-	-
Stores and spares	45.10	36.94	36.41	34.04	-	-
Total	**1,825.52**	**1,398.49**	**1,093.37**	**1,101.05**	**-**	**-**

STATEMENT OF TRADE RECEIVABLES, AS RESTATED
Annexure 21

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
(Unsecured)						
Debts outstanding for a period exceeding six months from the date they are due for payment						
Considered good	65.61	37.10	24.34	263.35	-	-
Other debts - considered good*	784.26	849.44	716.34	461.41	-	-
Total	**849.87**	**886.54**	**740.68**	**724.76**	**-**	**-**
* Includes amounts due from related parties (Also refer Annexure 33)	-	-	18.16	-	-	-

STATEMENT OF CASH AND BANK BALANCES, AS RESTATED
Annexure 22

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Cash and cash equivalents						
- Cash in hand	3.90	2.66	1.27	4.23	-	-
- Balances with banks in current account	2.68	8.80	17.20	8.48	0.08	0.02
Other bank balances						
- Deposits with maturity less than three months [refer note (i)]	60.00	-	-	-	-	-
- Deposits with maturity more than three months but less than twelve months [refer note (ii)]	1,100.00	810.00	1,052.02	0.20	-	-
- Deposits with more than twelve months maturity [refer note (iii)]	0.10	450.10	-	0.10	-	-
	1,166.68	1,271.56	1,070.49	13.01	0.08	0.02
Less : Amounts disclosed as other non-current assets (refer Annexure 19)	0.10	450.10	-	0.10	-	-
Total	**1,166.58**	**821.46**	**1,070.49**	**12.91**	**0.08**	**0.02**

Note:
(i) Deposits with maturity less than three months includes ₹ 60 million taken from Indusind Bank pledged aganist overdraft facility as on 30 June 2014.
(ii) Deposits with maturity more than three months but less than twelve months includes ₹ 450 million and ₹ 550 million taken from Yes Bank, ₹ Nil and ₹ 60 million taken from Indusind Bank and ₹ 650 million and ₹ Nil from DCB Bank pledged aganist overdraft facility as on 30 June 2014 and 31 March 2014 respectively and ₹ 0.10 pledged against bank guarantees given to excise authorities as on 31 March 2013 and ₹ 0.20 million held as margin money as on 31 March 2012.
(iii) Deposits with maturity more than twelve months includes ₹ 0.10 million pledged against bank guarantees given to excise authorities as on 30 June 2014 and 31 March 2014.

STATEMENT OF OTHER CURRENT ASSETS, AS RESTATED
Annexure 23

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Interest accrued but not due on fixed deposits	55.70	27.58	12.02	0.01	-	-
Interest accrued but not due from customers	8.99	-	-	-	-	-
Interest accrued but not due on advance tax	-	-	2.44	-	-	-
Total	**64.69**	**27.58**	**14.46**	**0.01**	**-**	**-**

MONTE CARLO FASHIONS LIMITED
STATEMENT OF REVENUE FROM OPERATIONS, AS RESTATED
Annexure 24

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Revenue from operations						
Sale of products						
-Export	-	13.42	24.34	10.87	-	-
-Domestic	746.73	5,009.87	4,205.34	3,962.17	-	-
	746.73	5,023.29	4,229.68	3,973.04	-	-
Other operating revenue						
Export incentives	-	0.21	0.71	-	-	-
Marine insurance recovered from customers (net)	0.58	10.93	9.31	9.84	-	-
Rebate and discount	0.37	2.88	1.63	2.09	-	-
Revenue from operations	**747.68**	**5,037.31**	**4,241.33**	**3,984.97**	**-**	**-**
Details of products sold (contributing more than 10% of the total revenue)						
Raw material (Yarn)	4.77	19.52	9.23	39.51	-	-
Fabric	127.41	430.78	280.18	309.26	-	-
Accessories	0.05	74.46	83.63	77.78	-	-
Garments	509.42	4,094.30	3,565.64	3,506.27	-	-
Textile goods	87.48	345.97	254.07	1.32	-	-
Others	17.60	58.26	36.94	38.90	-	-
	746.73	**5,023.29**	**4,229.68**	**3,973.04**	**-**	**-**

STATEMENT OF OTHER INCOME, AS RESTATED
Annexure 25

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	Nature (Recurring/non-recurring)	Related/not related to business activity
Interest income:								
- from banks	31.28	104.14	75.93	-	-	-	Recurring	Related
- others	9.39	37.21	35.59	28.90	-	-	Recurring	Related
Unclaimed balances written back	0.20	0.19	0.28	1.74	-	-	Recurring	Related
Excess provisions written back	0.78	0.30	3.48	1.38	-	-	Recurring	Related
Interest on income tax refund	-	0.03	2.44	-	-	-	Non-recurring	Related
Rent income on plant and equipment	-	0.80	2.40	-	-	-	Non-recurring	Related
Profit on sale of fixed assets (net)	0.20	0.88	-	-	-	-	Non-recurring	Related
Profit on sale of Investments (net)	2.64	7.06	-	-	-	-	Recurring	Related
Miscellaneous	0.15	1.00	0.04	0.12			Non-recurring	Related
Total	**44.64**	**151.61**	**120.16**	**32.14**	**-**	**-**		
Profit/(loss) before tax	127.98	837.56	724.63	725.73	(0.01)	(0.02)		
% of other income to profit/(loss) before tax	34.88	18.10	16.58	4.43	-	-		

Notes:
1) All items classified under other income were earned in the normal course of business.
2) The classification of 'other income' as recurring or non-recurring is based on the current operations and business activities of the Company, as determined by the management.
3) During the period ended 30 June 2014, the Company has earned interest income from banks on term deposits in the normal course of business. But due to lean season, the Company's profit for period ended 30 June 2014 is substantially low as compare to profit for the year, that is the reason other income to profit before tax exceeded twenty percent. However, in the opinion of the management, other income to profit before tax shall not be exceeding twenty percent for the year ending 31 March 2015.

STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED
Annexure 26

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Opening stock of raw materials	269.56	154.82	180.54	-	-	-
Add : Purchases of raw materials during the period/year	406.94	1,462.40	995.66	1,099.96	-	-
Add : Stock transferred on de-merger [refer note 2 of Annexure 5]	-	-	-	193.55	-	-
Less : Closing stock of raw materials	295.18	269.56	154.82	180.54	-	-
Total	**381.32**	**1,347.66**	**1,021.38**	**1,112.97**	**-**	**-**
Details of raw materials						
Woollen yarn	233.59	646.29	549.61	582.87	-	-
Cotton yarn	12.76	50.62	33.38	17.91	-	-
Other yarn	0.54	4.15	3.61	5.97	-	-
Woven fabric	83.97	196.08	142.34	196.51	-	-
Non woven fabrics	1.33	14.12	1.47	0.81	-	-
Knitted cloth	49.13	436.40	290.97	308.90	-	-
	381.32	**1,347.66**	**1,021.38**	**1,112.97**	**-**	**-**

STATEMENT OF PURCHASE OF STOCK IN TRADE, AS RESTATED
Annexure 27

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Trading goods purchased	235.19	1,450.72	1,086.90	1,149.62	-	-
Total	**235.19**	**1,450.72**	**1,086.90**	**1,149.62**	**-**	**-**

MONTE CARLO FASHIONS LIMITED
STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND TRADED GOODS, AS RESTATED
Annexure 28

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Opening stock						
- Finished goods (including traded goods)	899.89	766.76	728.79	-	-	-
- Work-in-process	192.10	135.38	157.68	-	-	-
Stock transferred on de-merger (refer note 2 of Annexure 5)						
- Finished goods (including traded goods)	-	-	-	317.26	-	-
- Work-in-process	-	-	-	127.11	-	-
	1,091.99	902.14	886.47	444.37	-	-
Closing stock						
- Finished goods (including traded goods)	1,301.08	899.89	766.76	728.79	-	-
- Work-in-process	184.16	192.10	135.38	157.68	-	-
	1,485.24	1,091.99	902.14	886.47	-	-
Excise duty on change in stocks (refer note 12 of annexure 5)	-	-	(18.73)	9.20	-	-
Total	**(393.25)**	**(189.85)**	**(34.40)**	**(432.90)**	**-**	**-**

STATEMENT OF EMPLOYEE BENEFIT EXPENSES, AS RESTATED
Annexure 29

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Salaries, wages and bonus	83.26	229.05	161.46	118.39	-	-
Contribution to provident and other funds	11.48	31.36	21.83	14.81	-	-
Staff welfare expenses	2.63	9.95	5.82	4.19	-	-
Total	**97.37**	**270.36**	**189.11**	**137.39**	**-**	**-**

STATEMENT OF FINANCE COST, AS RESTATED
Annexure 30

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Interest expenses:						
- to banks	28.15	80.71	29.09	52.38	-	-
- others	2.32	8.72	5.46	9.58	-	-
Other borrowing costs	0.57	3.76	2.30	3.39	0.00	0.01
Total	**31.04**	**93.19**	**36.85**	**65.35**	**0.00**	**0.01**

STATEMENT OF DEPRECIATION AND AMORTISATION, AS RESTATED
Annexure 31

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Depreciation of tangible assets	65.83	161.90	68.20	59.49	-	-
Amortisation of intangible assets	0.07	0.19	0.00	0.00	-	-
Total	**65.90**	**162.09**	**68.20**	**59.49**	**-**	**-**

STATEMENT OF OTHER EXPENSES, AS RESTATED
Annexure 32

(Amounts in ₹ Millions)

Particulars	For 3 months ended 30 June 2014	For the year ended 31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Consumption of stores and spare parts [refer note 5(d) of Annexure 5]	56.40	230.98	178.91	153.29	-	-
Power and fuel	18.14	82.71	56.71	49.19	-	-
Rent	20.39	56.15	28.55	54.49	-	-
Repairs to						
- building	2.66	3.74	1.44	1.42	-	-
- machinery	3.45	14.33	10.23	6.96	-	-
- others	8.76	17.81	7.67	7.31	-	-
Insurance	1.38	4.17	2.51	1.67	-	-
Legal and professional expenses	1.16	6.74	43.10	5.10	0.01	0.01
Rates and taxes	2.09	7.38	3.69	4.68	0.00	0.00
Travelling and conveyance	5.96	27.00	17.62	10.07	-	-
Processing charges	22.41	143.18	127.64	126.72	-	-
Loss on sale of fixed assets (net)	-	-	0.01	0.17	-	-
Commission on sale	15.64	144.56	118.99	110.99	-	-
Freight and forwarding charges	18.45	84.18	66.35	40.36	-	-
Advertisement	37.50	209.90	229.13	227.34		
Rebate and discount	9.63	106.85	118.51	77.51	-	-
Provision for sales returns	8.54	15.26	31.28	18.25	-	-
Amounts written off	0.09	0.52	0.76	2.94	-	-
Exchange fluctuation (net)	1.10	3.75	4.07	7.34	-	-
Assets written off	-	-	-	2.43	-	-
CST/VAT reversal	3.11	21.46	11.50	19.26	-	-
Communication expenses	1.20	5.15	4.12	3.56	-	-
Miscellaneous	8.71	31.37	9.13	5.12	0.00	0.01
Total	**246.77**	**1,217.19**	**1,071.92**	**936.19**	**0.01**	**0.01**

MONTE CARLO FASHIONS LIMITED
STATEMENT OF RELATED PARTY TRANSACTIONS AND BALANCES, AS RESTATED
Annexure 33

Disclosure as required by the Accounting Standard – 18 on 'Related Party Disclosures' are given below:

A. List of related parties

i) Holding company
Oswal Woolen Mills Limited (till 31 March 2011)

ii) Key managerial personnel (KMPs) and their relatives*
Jawahar Lal Oswal (Chairman and Managing Director)
Sandeep Jain (Executive Director)
Monica Oswal (Executive Director)
Ruchika Oswal (Executive Director)
Dinesh Oswal (Director till 21 March 2014)
Kamal Oswal (Director till 21 March 2014)
Rukmesh Mohan Sood (Chief Financial Officer)
Sahil Jain (Company Secretary)
*On the basis of information provided by the management, there are no transactions with the relatives of the KMPs

iii) Company having significant influence over the company
Sidhant & Mannat Company Limited
Simran & Shanaya Company Limited

iv) Entities in which directors of the Company are able to exercise control or have significant influence
Oswal Woollen Mills Limited (from 1 April 2011)
Atam Vallabh Financiers Limited
Girnar Investment Limited
Ludhiana Holding Limited
Nagdevi Trading & Investment Co. Limited
Abhilash Growth Fund Private Limited
Ruchika Growth Fund Private Limited
Monica Growth Fund Private Limited
J L Growth Fund Limited
Nahar Growth Fund Private Limited
Vanaik Investors Limited
Vanaik Spinning Mills Limited
Vardhman Investment Limited
Palam Motels Limited
Nahar Spinning Mills Limited
Nahar Industrial Enterprises Limited
Nahar Financial & Investment Limited
Nahar Industrial Infrastructure Corporation Limited
Nahar Capital and Financial Services Limited
Sankheshwar Holding Co. Limited
Oswal Leasing Limited
Cotton County Retail Limited
Crown Star Limited (UK)
Nahar Poly Films Limited
Hugs Foods (Private) Limited
Neha Credit & Investment Private Limited

B. Transactions between the Company and related parties and the status of outstanding balances are as follows:

(Amounts in ₹ Millions)

Particulars	For the period ended	For the year ended				
	30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Holding company						
Oswal Woolen Mills Limited						
Amount received	-	-	-	-	0.07	0.01
Closing Balance	-	-	-	-	0.98	0.91
Key managerial personnel						
Remuneration*						
Jawahar Lal Oswal	-	-	3.33	6.40	-	-
Sandeep Jain	2.62	10.78	6.66	-	-	-
Monica Oswal	1.47	6.13	5.09	2.73	-	-
Ruchika Oswal	1.48	6.10	5.17	2.73	-	-
Rukmesh Mohan Sood	0.58	0.58	-	-	-	-
Sahil Jain	0.11	0.38	0.31	0.14	-	-
Shares issued						
Jawahar Lal Oswal	-	-	-	7.14	-	-
Kamal Oswal	-	-	-	1.79	-	-
Dinesh Oswal	-	-	-	5.36	-	-
Securities premium received						
Jawahar Lal Oswal	-	-	-	32.86	-	-
Kamal Oswal	-	-	-	8.21	-	-
Dinesh Oswal	-	-	-	24.64	-	-
Bonus shares issued						
Jawahar Lal Oswal	-	-	-	1.06	-	-
Kamal Oswal	-	-	-	0.18	-	-
Dinesh Oswal	-	-	-	0.18	-	-
Monica Oswal	-	-	-	0.01	-	-
Ruchika Oswal	-	-	-	0.01	-	-

MONTE CARLO FASHIONS LIMITED
STATEMENT OF RELATED PARTY TRANSACTIONS AND BALANCES, AS RESTATED (Contd…)
Annexure 33

Closing Balance						
Due to KMPs (appearing in other current liabilities)						
Jawahar Lal Oswal	0.36	-	-	1.07	-	-
Sandeep Jain	1.50	1.20	0.73	-	-	-
Monica Oswal	0.83	0.65	0.43	0.18	-	-
Ruchika Oswal	0.78	0.62	0.47	0.17	-	-
Rukmesh Mohan Sood	0.15	0.13	-	-	-	-
Sahil Jain	0.05	0.04	0.04	0.03	-	-
Due from KMPs (appearing in short term loans and advances)						
Jawahar Lal Oswal	-	0.01	0.27	-	-	-

*Does not include gratuity expense as the same is provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual figures cannot be determined.

Companies in which directors of the Company are able to exercise control or have significant influence

Bonus shares issued						
Atam Vallabh Financiers Limited	-	-	-	0.34	-	-
Vardhaman Investments Limited	-	-	-	0.25	-	-
Vanaik Investors Limited	-	-	-	4.32	-	-
Ludhiana Holdings Limited	-	-	-	4.55	-	-
Neha Credit & Investment (P) Limited	-	-	-	0.00	-	-
Nagdevi Trading & Investment Co. Limited	-	-	-	30.96	-	-
Abhilash Growth Fund (P) Limited	-	-	-	5.89	-	-
Girnar Investment Limited	-	-	-	26.15	-	-
Nahar Capital & Finance Services Limited	-	-	-	7.88	-	-
Sale of goods						
Nahar Spinning Mills Limited	21.37	31.60	18.68	11.73	-	-
Nahar Industrial Enterprises Limited	-	0.03	-	0.07	-	-
Cotton County Retail Limited	0.43	13.80	5.80	16.54	-	-
Oswal Woollen Mills Limited	1.43	9.63	3.96	3.43	-	-
Vanaik Spinning Mills Limited	3.55	88.29	364.51	-	-	-
Sale of Duty Entitlement Pass Book						
Oswal Woollen Mills Limited	-	-	0.26	-	-	-
Sale of fixed assets						
Nahar Spinning Mills Limited	0.31	0.43	-	-	-	-
Sales returns						
Vanaik Spinning Mills Limited	19.01	36.55	57.48	-	-	-
Oswal Woollen Mills Limited	-	0.08	0.16	-	-	-
Purchase of goods (including store and spares)						
Nahar Spinning Mills Limited	69.14	265.45	128.23	141.87	-	-
Nahar Industrial Enterprises Limited	30.78	47.17	27.70	31.85	-	-
Cotton County Retail Limited	14.06	66.85	32.82	52.43	-	-
Oswal Woollen Mills Limited	213.52	735.74	648.83	633.88	-	-
Vanaik Spinning Mills Limited	18.60	59.11	104.56	15.35	-	-
Purchase of Duty Entitlement Pass Book						
Nahar Spinning Mills Limited	-	7.08	14.41	5.93	-	-
Oswal Woollen Mills Limited	-	-	0.46	-	-	-
Purchase of fixed assets						
Nahar Spinning Mills Limited	-	0.73	0.10	0.10	-	-
Oswal Woollen Mills Limited	0.23	2.07	4.83	117.25	-	-
Vanaik Spinning Mills Limited	-	5.85	-	-	-	-
Rent paid						
Nahar Spinning Mills Limited	0.62	3.96	1.49	1.03	-	-
Nahar Industrial Enterprises Limited	0.28	0.07	-	-	-	-
Oswal Woollen Mills Limited	-	6.85	4.45	3.57	-	-
Processing charges paid						
Cotton County Retail Limited	-	-	0.06	0.10	-	-
Nahar Spinning Mills Limited	12.05	91.57	51.38	58.19	-	-
Oswal Woollen Mills Limited	0.61	0.73	0.01	-	-	-
Reimbursement of expenses						
Nahar Industrial Enterprises Limited	-	2.96	0.81	0.40	-	-
Nahar Spinning Mills Limited	-	0.66	0.61	0.47	-	-
Oswal Woollen Mills Limited	2.59	6.36	10.48	24.09	-	-
Vanaik Spinning Mills Limited	-	1.33	-	-	-	-
Income received						
Vanaik Spinning Mills Limited	-	0.80	2.40	-	-	-
Expenses paid on behalf of						
Vanaik Spinning Mills Limited	-	7.59	7.29	-	-	-
Nahar Industrial Enterprises Limited	0.05	-	-	-	-	-
Oswal Woollen Mills Limited	0.10	-	-	-	-	-

MONTE CARLO FASHIONS LIMITED
STATEMENT OF RELATED PARTY TRANSACTIONS AND BALANCES, AS RESTATED (Contd…)
Annexure 33

Rent paid/recovered on behalf of /from						
Vanaik Spinning Mills Limited	-	10.08	23.82	-	-	-
Discount given						
Vanaik Spinning Mills Limited	-	5.39	24.04	-	-	-
Income tax paid by and reimbursed						
Oswal Woollen Mills Limited	-	45.00	280.00	250.00	-	-
Statutory dues paid by and reimbursed						
Oswal Woollen Mills Limited	-	67.84	128.84	184.93	-	-
Interest on loans						
Oswal Woollen Mills Limited	0.34	2.31	4.24	46.72	-	-
Repayment of loans						
Oswal Woollen Mills Limited	8.09	8.09	16.67	27.34	-	-
Total (Cumulative value)	**417.17**	**1,632.06**	**1,969.38**	**1,707.61**	**-**	**-**
Closing balance						
Trade payables						
Nahar Spinning Mills Limited	92.43	74.25	49.32	2.29	-	-
Nahar Industrial Enterprises Limited	26.18	8.61	9.83	5.00	-	-
Cotton County Retail Limited	11.21	13.27	7.71	6.28	-	-
Oswal Woollen Mills Limited	360.15	206.85	-	36.42	-	-
Vanaik Spinning Mills Limited	23.99	37.85	-	2.05	-	-
Trade receivables						
Vanaik Spinning Mills Limited	-	-	18.01	-	-	-
Oswal Woollen Mills Limited	-	-	0.15	-	-	-

MONTE CARLO FASHIONS LIMITED
CAPITALISATION STATEMENT, AS RESTATED
Annexure 34

(Amounts in ₹ Millions)

Particulars	Pre-issue as at 30 June 2014	Post - Issue*
Borrowings:		
Short-term	540.78	[.]
Long-term (A)	872.36	[.]
Total debt (B)	**1,413.14**	
Shareholders' fund (Net worth)		
Share capital	217.32	[.]
Reserves and surplus	3,664.91	[.]
Total shareholders' fund (Net worth) (C)	**3,882.23**	
Long-term borrowings/shareholders' fund (Net worth) ratio (A/C)	**0.22**	[.]
Total borrowings/shareholders' fund (Net worth) ratio (B/C)	**0.36**	[.]

Notes:

1. The long term borrowings/equity ratio have been computed as under:
Long term borrowings/ total shareholders Funds
2. The total borrowings/equity ratio have been computed as under:
Total borrowings/ Total Shareholders Funds
3. Short term borrowings is considered as borrowing due within 12 months from the balance sheet date excluding current maturities of long term borrowings
4. Long term borrowings is considered as borrowing other than short term borrowing, as defined above and also includes the current maturities of long term borrowings.
5. The figures disclosed above are based on the Restated Summary Statements of the Company.

** It will be updated at the time of Prospectus.*

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MONTE CARLO

MONTE CARLO FASHIONS LIMITED
STATEMENT OF TAX SHELTER, AS RESTATED
Annexure 35

(Amounts in ₹ Millions)

Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Profit/(loss) before tax, As Restated (A)	**127.98**	**837.56**	**724.63**	**725.73**	**(0.01)**	**(0.02)**
Tax rate - statutory rate (B)	33.99%	33.99%	32.445%	32.445%	30.90%	30.90%
Tax as per actual rate on profits (C = A*B)	43.50	284.69	235.11	235.46	-	-
Adjustments:						
Permanent Differences						
Donation under section 80G	0.00	0.11	-	0.00	-	-
Fine and penalties	0.05	0.08	0.15	0.01	-	-
Interest	-	-	0.23	-	-	-
Profit on sale of long term investment considered separately (long term capital loss c/f)	(2.64)	(7.75)	-	-	-	-
Assets written off /sold	-	2.87	3.99	8.65	-	-
Total permanent difference (D)	**(2.59)**	**(4.68)**	**4.37**	**8.66**	**-**	**-**
Timing difference						
Difference between book and tax depreciation as per Return of Income	18.68	(56.94)	(40.34)	5.95	-	-
Prior period expense	1.24	9.64	-	-	-	-
Disallowance u/s 43B	-	-	(13.02)	4.83	-	-
Provision for sales return	(6.72)	(16.01)	31.28	-	-	-
Provision for discount	3.67	7.55	-	-	-	-
Lease straight lining	0.76	3.74	-	-	-	-
Legal and professional - deferred	(1.92)	(7.69)	30.77	-	-	-
Deferred revenue expenditure	-	-	(0.27)	1.10	(0.27)	(0.27)
Losses brought forward	-	-	-	(0.87)	-	-
Restatement adjustments	(1.24)	(14.06)	(42.06)	42.58	-	-
Total timing difference (E)	**14.47**	**(73.76)**	**(33.65)**	**53.59**	**(0.27)**	**(0.27)**
Total adjustments (F=D+E)	11.88	(78.44)	(29.28)	62.25	(0.27)	(0.27)
Tax on adjustments (G=F*B)	4.04	(26.66)	(9.50)	20.20	-	-
Taxable restated profit (H=A+F)	139.86	759.11	695.36	787.98	(0.29)	(0.29)
Tax liability on restated profits (I=H*B)	**47.54**	**258.02**	**225.61**	**255.66**	**-**	**-**
Total tax as per return of income (Refer note 2 below)	**47.54**	**258.02**	**225.61**	**255.66**	**-**	**-**

Notes :

1. The permanent/ timing differences for the year ended 31 March 2013, 2012, 2011 and 2010 have been computed based on the acknowledged copies of Income-tax returns of the respective years
2. The permanent/ timing differences for 3 month ended 30 June 2014 and for the year ended 31 March 2014 has been derived on the basis of provisional computation of total income prepared by the Company in line with the final return of income filed for the assessment year 2013-14 and are subject to any change that may be considered at the time of filing of final return of the income for the assessment year 2014-15 and 2015-16.
3. Statutory tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.

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MONTE CARLO FASHIONS LIMITED
STATEMENT OF ACCOUNTING RATIOS, AS RESTATED
Annexure 36

(Amounts in ₹ Millions)

	Particulars	As at 30 June 2014	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
A	Net worth	3,882.23	3,799.72	3,246.71	1,507.67	(0.90)	(0.89)
B	Net profit after tax and extraordinary items, as restated	85.18	553.02	489.04	494.53	(0.01)	(0.01)
	Weighted average number of equity shares outstanding during the year						
C	For basic earnings per share	21,732,064	21,732,064	21,212,461	18,146,344	50,000	50,000
D	For diluted earnings per share	21,732,064	21,732,064	21,212,461	18,146,344	50,000	50,000
E	Number of shares outstanding at the end of the year	21,732,064	21,732,064	21,732,064	18,858,500	50,000	50,000
F	Number of shares outstanding at the end of the year (considering issue of bonus shares)	21,732,064	21,732,064	21,212,461	18,146,344	8,765,000	8,765,000
G	Restated basic earnings per share **(B/C)**	3.92 *	25.45	23.05	27.25	(0.18)	(0.25)
H	Restated diluted earnings per share **(B/D)**	3.92 *	25.45	23.05	27.25	(0.00) **	(0.00) **
I	Return on net worth (%) **(B/A)**	2.19% *	14.55%	15.06%	32.80%	1.00%	1.41%
J	Net assets value per share of ₹10 each **(A/E)**	178.64	174.84	149.40	79.95	(18.05)	(17.87)
K	Net assets value per share of ₹10 each (considering issue of bonus shares) **(A/F)*** **	178.64	174.84	153.06	83.08	(0.10)	(0.10)
L	Face value (₹)	10	10	10	10	10	10

***** On the basis of interim financial statements for the period ended 30 June 2014, hence not annualised.
****** Rounded off to nil
****** After conisering the bonus issue of shares in the year 2011-12.

Notes:

1 The ratio has been computed as below

$$\text{Basic earnings per share} = \frac{\text{Net profit after tax and extraordinary items, as restated}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted earnings per share} = \frac{\text{Net profit after tax and extraordinary items, as restated}}{\text{Weighted average number of potential equity shares outstanding during the year}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net profit after tax and extraordinary items, as restated}}{\text{Net worth as restated as at year end}}$$

$$\text{Net asset value per share (₹)} = \frac{\text{Net worth, as restated}}{\text{Number of equity shares as at year end}}$$

$$\text{Net asset value per share (considering issue of bonus shares) (₹)} = \frac{\text{Net worth, as restated}}{\text{Number of equity shares as at year end (considering issue of bonus shares)}}$$

2 Earning per shares (EPS) calculation is in accordance with the notified Accounting Standard 20 'Earnings per share' prescribed by the Companies (Accounting Standards) Rules, 2006.

3 The figures disclosed above are based on the Restated Summary Statements of the Company.

4 There has been no revaluation reserve during any of the years.

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FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of all borrowings of our Company amounting, in aggregate, to ₹ 2,271.67 million, as on October 31, 2014, along with certain significant terms of such financing arrangements.

A. Details of secured borrowings of our Company

Set forth below is a summary of our secured borrowings as on October 31, 2014.

S. No.	Lender	Description	Amount outstanding as on October 31, 2014 (₹ in million)	Repayment/ Tenor	Security
1.	Indian Bank	Medium term loan facility under TUFS of ₹ 1,308.60 million, with sub limit for international letter of credit of ₹ 300 million, pursuant to sanction letter dated August 10, 2011, medium term loan agreement dated August 26, 2011 (the "**Indian Bank Loan Agreement**"), agreement for irrevocable letter of credit/ authority for payment dated August 26, 2011, agreement of hypothecation of movables and an agreement for hypothecation of goods received under advance payment guarantee/ letters of credit, both dated August 26, 2011	784.20	20 equal quarterly instalments each, commencing on September 30, 2013	• First *pari passu* charge on the present and future fixed assets of our Company; • first charge on assets to be created out of the term loan proceeds (including an equitable mortgage over land having estimated value of ₹ 1,338.6 million); • second *pari passu* charge on the present and future current assets of our Company; and • personal guarantees of Mr. Jawahar Lal Oswal, Mr. Kamal Oswal and Mr. Dinesh Oswal.
2.	Allahabad Bank	Term loan facility under TUFS of ₹ 12.90 million, pursuant to sanction letters dated December 6, 2005 and October 9, 2013, general letter of hypothecation applicable in case of limited liability companies and term loan agreement (hypothecation of movables), both dated September 4, 2006, ("**Allahabad Bank Loan Agreement**")	3.64	32 equal quarterly instalments after a moratorium of two years	• Exclusive first charge on plant and machinery to be acquired out of the term loan proceeds; • second *pari passu* charge on the assets of our Company; • second joint *pari passu* charge on the moveable assets of our Company, subject to prior charge of banks meeting working capital requirements of our Company; and • personal guarantees of Mr. Jawahar Lal Oswal, Mr. Kamal Oswal and Mr. Dinesh Oswal.
3.	State Bank of Patiala ("**SBOP**")	Term loan facility of ₹ 809 million, including a one time capital goods foreign line of credit facility of ₹ 500 million, pursuant to sanction letter dated May 24, 2006, agreement of loan for overall limit dated	20.06	32 equal quarterly instalments, commencing on December 31, 2008	• First *pari passu* charge on the entire present and future moveable and immovable assets of our Company (including equitable mortgage of factory land); • second *pari passu* charge on current assets of our

S. No.	Lender	Description	Amount outstanding as on October 31, 2014 (₹ in million)	Repayment/ Tenor	Security
		September 4, 2006 ("**SBOP Loan Agreement II**"), agreement of hypothecation of goods and assets, agreement of pledge of goods and assets both dated September 4, 2006 and memorandum of deposit of title deeds dated February 4, 2008			Company; and • personal guarantees of Mr. Jawahar Lal Oswal, Mr. Kamal Oswal and Mr. Dinesh Oswal.
4.	SBOP	Term loan facility of ₹ 498.50 million including a one time capex letter of credit facility of ₹ 200 million pursuant to a sanction letter dated June 26, 2014, agreement of loan for overall limit dated August 19, 2014 ("**SBOP Loan Agreement**"), agreement for hypothecation of goods and assets and agreement of pledge of goods and assets, both dated August 19, 2014	213.50	32 quarterly instalments commencimg June 30, 2016	• Mortgage on the present and future immovable properties of our Company; and • first charge on the present and future goods, movables and assets of our Company
5.	Consortium comprising Allahabad Bank (lead bank), SBOP and State Bank of India ("**Working Capital Consortium Lenders**")	Working capital facilities of ₹ 1,100 million, including fund based facilities of ₹ 750 million and non fund based facilities of ₹ 350 million, pursuant to a consortium agreement dated May 14, 2014 ("**Working Capital Consortium Agreement**") and sanction letters dated October 9, 2013 from Allahabad Bank, October 16, 2013 from State Bank of Patiala and August 10, 2013 from State Bank of India, and joint deed of hypothecation dated May 14, 2014	452.23	Repayable on demand	• First charge on the present and future current assets of our Company; • second mortgage and charge on the present and future immovable (including factory land held in the name of our Company) and moveable assets of our Company; and • personal guarantees of Mr. Jawahar Lal Oswal, Mr. Kamal Oswal and Mr. Dinesh Oswal.
6.	Yes Bank Limited ("**Yes Bank**")	Overdraft facility of ₹ 400 million against fixed deposits, pursuant to sanction letter dated May 18, 2014, letter of continuity for demand promissory note, deed of undertaking, both dated July 28, 2014 and set off letter dated September 3, 2014 executed in favour of Yes Bank	347.79	Repayable on demand with maximum tenor of 12 months	• Fixed deposits to the extent of 116% of the overdraft facility amount maintained with and duly marked in favour of Yes Bank
7.	DCB Bank	Overdraft facility of ₹	450.25	Repayable on	• Fixed deposits of ₹ 650

S. No.	Lender	Description	Amount outstanding as on October 31, 2014 (₹ in million)	Repayment/ Tenor	Security
	Limited	450 million against fixed deposits,pursuant to a sanction letter dated May 22, 2014 from DCB Bank Limited		demand	million maintained with DCB Bank Limited

Our secured financing agreements contain various restrictive covenants, including a right to the the lenders to cancel credit facility or not to advance remaining outstanding monies, and to recall the monies then due and outstanding by our Company or to take over and carry on the business of our Company in case of a default or breach. Further, under our secured financing arrangements, some of our lenders have a right to appoint a director as nominee on the Board of Directors.

Under the secured financing agreements, our Company cannot undertake any of the following activates, without the lender's prior written consent:

(i) effect any change or alter the capital structure;
(ii) alter our certificate of incorporation, or memorandum and articles of association;
(iii) implement any scheme of expansion or modernization activities or take up an allied line of business, or enlarge the scope of other manufacturing/ trading activities, if any such activities were undertaken at the time of availing the loan or undertake any trading activity not related to its professional line;
(iv) effecting any scheme of amalgamation or reconstitution;
(v) invest any funds by way of deposits or loans or in share capital or debentures of any other concern, so long as the borrowed amount is outstanding, except depositing funds by way of security, with third parties in the normal course of business or if required for the business;
(vi) revalue the assets of our Company;
(vii) entering into borrowing arrangements or obtaining credit facilities from any other bank or credit agency or entering into hire purchase agreements;
(viii) declare dividends or distribute profits, unless regular payments of instalments and interest have been made;
(ix) disposing of all or any of our assets, rights or interest resulting in or having the effect of transferring our ownership to any other person;
(x) undertake guarantee obligations on behalf of any third party or any other company;
(xi) creating further charge, lien or any encumbrance on the security charged to Indian Bank and to the Working Capital Consortium Lenders; and
(xii) withdraw funds brought in by our Promoters, Directors, proprietors or their relatives and friends, or repay any unsecured loans.

Further, under the sanction letter dated August 10, 2011 issued by Indian Bank, our Promoter Directors and/or majority shareholders can not sell or pledge their Equity Shares to third parties without the prior consent of the lender. Additionally, under the SBOP Loan Agreement and SBOP Loan Agreement II (together, the "**SBOP Loan Agreements**"), the shareholding of our Promoters, principal shareholders and the directors of our Company cannot be varied without the prior consent of SBOP. Further, under the sanction letter dated May 18, 2014 for the overdraft facility obtained from Yes Bank, prior approval of Yes Bank is required in case of any change in management holding. We have obtained the requisite consent and waiver of these covenants for the Offer, from SBOP, by its letters dated September 18, 2014 and July 5, 2014, from Indian Bank, by its letter dated July 5, 2014 and from Yes Bank, by its letter dated September 20, 2014.

Further, under the Working Capital Consortium Agreement and the SBOP Loan Agreements, we are required to, as soon as any call in respect of shares or an issue of shares or the decision to create new shares has been resolved upon, give notice to the lender. Until the expiry of seven days from such notice, we can not issue any notice to our members. If the lenders so require, every notice/prospectus sent out by us shall direct the member and applicants for allotment of shares to pay the money in to the joint account of our Company and the lender and the lender shall be entitled to require all such money received to be applied wholly or partly in or towards the satisfaction of the principal amount or interest. If the lender does not so require, then the money received shall be held in trust by us as security for the satisfaction of the principal amount or the interest.

B. Details Of Unsecured Borrowings of our Company

As on the date of this Red Herring Prospectus, there are no unsecured borrowings of our Company.

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

*You should read the following discussion of our financial condition and results of operations together with our restated financial statements for each of three month ended June 30, 2014 and fiscals 2014, 2013, 2012, 2011 and 2010, including the notes thereto and the report thereon, which appear elsewhere in this Red Herring Prospectus. You should also read the section titled "**Risk Factors**" on page 11, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company, unless otherwise stated, is based on restated audited financial statements.*

*These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI ICDR Regulations and restated as described in the report of our auditors dated September 23, 2014, which is included in this Red Herring Prospectus under "**Financial Statements**". The restated financial statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. We do not provide a reconciliation of our restated financial statements to US GAAP or IFRS and we have not otherwise quantified or identified the impact of the differences between Indian GAAP and US GAAP or IFRS as applied to our restated financial statements. Accordingly, the degree to which the financial statements in this Red Herring Prospectus will provide meaningful information to a prospective investor in countries other than India depends entirely on such potential investor's level of familiarity with Indian accounting practices. Our fiscal year ends on March 31 of each year; therefore, all references to a particular fiscal are to the twelve-month period ended March 31 of that year. See also the section titled "**Certain Conventions, Use of Financial, Industry and Market Data and Currency of Presentation**" on page 8.*

*This discussion contains forward-looking statements and reflects our current plans and expectations. Actual results may differ materially from those anticipated in these forward-looking statements. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the sections titled "**Risk Factors**", "**Forward-Looking Statements**" and "**Our Business**" on pages 11, 10 and 105, respectively.*

Overview

Launched in 1984 as an exclusive woollen brand by OWML, one of our Group Companies, we are one of the leading Indian apparel brands based on revenue *(Source: Technopak Report, 2014)*. '*Monte Carlo*' has been recognized as a 'Superbrand' for woollen knitted apparel in each edition of Consumer Superbrands India since its first edition in September 2004. We primarily cater to the premium and mid-premium branded apparel segment for men, women and kids, offering a comprehensive line of woollen, cotton and cotton-blended knitted and woven apparel and home furnishings through our '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including a network of national chain stores under the '*Monte Carlo*' brand.

We distribute our portfolio of products through '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including a network of national chain stores that we believe merchandise our products in an environment that reinforces and establishes our brand in the premium and mid-premium segment and that provides a superior and distinctive in-store experience. We believe that this strategy has enabled us to develop a strong brand loyalty of our '*Monte Carlo*' brand. As on June 30, 2014 there were 196 '*Monte Carlo Exclusive Brand Outlets*' in India, two '*Monte Carlo Exclusive Brand Outlets*' in Dubai and one '*Monte Carlo Exclusive Brand Outlets*' in Kathmandu, Nepal. Out of the 196 '*Monte Carlo Exclusive Brand Outlets*' in India, 18 are owned and operated by our Company and the rest are operated by different franchisees. Most of our '*Monte Carlo Exclusive Brand Outlets*' are located in high street locations, lifestyle centers and malls that position us as a premium and mid-premium segment brand in the branded apparel industry. We utilize the services of our exclusive commissioned agents who facilitate compilation of orders from various MBOs and collection of payment, and also act as the interface between the Company and the MBOs. As on June 30, 2014, we had supplied our products to over 1,300 MBOs through our commissioned agents. We have also entered into distribution agreements with some of the leading Indian digital commerce platforms.

We operate two manufacturing facilities in Ludhiana, Punjab, one for our woollen apparel products and one for our cotton apparel products. The manufacturing facilities include facilities for product development, a design studio and sampling infrastructure. Almost all our woollen knitted products are manufactured in-house at our manufacturing facility. We have also recently commenced in-house manufacturing of some of our cotton t-shirts and thermals in April 2014. For the remaining cotton and cotton-blended products, we follow an asset-light model by outsourcing the production to a network of third-party manufacturers, also known as job work entities.

Note regarding presentation

Our financial statements have been prepared in accordance with Indian GAAP and in compliance with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and restated in accordance with SEBI ICDR Regulations. Since we do not have any subsidiaries, the discussion below covers the results of our Company on a standalone basis.

While our Company was incorporated on July 1, 2008, our Company was not engaged in any active business operations until fiscal 2012. With effect from April 1, 2011, the woollen and cotton apparel business of OWML, one of our Group Companies, under the brand '*Monte Carlo*' was demerged into our Company pursuant to a Scheme of Arrangement and Demerger and Reorganization of Capital (Company Petition No. 44 of 2011) approved by the Punjab and Haryana High Court, under sections 391 to 394 of the Companies Act 1956. For further details of the demerger and associated agreements between our Company and OWML, see "***History and Certain Corporate Matters***" on page 125.

Accordingly, our historical operating results for fiscal 2011 and fiscal 2010, prior to the de-merger, are vastly different from our results of operations for the three month ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012 and our results of operations on a going-forward basis. While we have included the audited restated financial statements of our Company for three month ended June 30, 2014, fiscal 2014, fiscal 2013, fiscal 2012, fiscal 2011 and fiscal 2010, pursuant to requirements of the SEBI ICDR Regulations and applicable laws; only the audited restated financial statements for fiscal 2014, fiscal 2013 and fiscal 2012 include the full year impact of the de-merger and our business conditions and results of operations post such de-merger. We have not separately included the historical financial results of OWML for fiscal 2011 and fiscal 2010 for the results of operations of the apparel business under the '*Monte Carlo*' prior to the de-merger.

Significant Factors Affecting our Results of Operations

Numerous factors affect our financial condition and results of operations, the following of which are of particular importance:

Growth of our cotton and cotton-blended apparel and geographic expansion

The '*Monte Carlo*' brand has historically been associated with its woollen knitted apparel. This seasonal focus of the business has led to our strong presence in the northern and eastern regions of India. In order to position '*Monte Carlo*' as an all-season pan-Indian brand, we introduced cotton t-shirts in 2002 and other cotton and cotton-blended apparel to the '*Monte Carlo*' portfolio of products in 2006. While we currently have a pan-India presence, we seek to penetrate further in the western and southern regions of India with a comprehensive range of cotton and cotton-blended products which cater to all seasons. Given the tropical climate in these regions, we seek to further expand our product range in the cotton and cotton-blended apparel segments and focus on the production of cotton and cotton-blended shirts, trousers, t-shirts and denims to expand our all-season product range and strengthen our pan-India operations.

We believe that our future growth will be driven by our ability to expand the sales of our cotton and cotton-blended apparel products in the western and southern regions of India. A number of factors may positively or negatively impact demand for our cotton and cotton-blended products, including, but not limited to:

- fashion trends and changes in consumer preferences;
- our brand recognition, in particular in west and south India;
- general economic conditions, particularly changes in consumer discretionary spending; and
- actions by our existing competitors, such as new product introductions or pricing strategies, or the emergence of new competitors.

Growth of our sales network

We distribute our portfolio of products through '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including certain national chain stores that we believe merchandise our products in an environment that reinforces and establishes our brand in the premium and mid-premium segments and that provides a superior and distinctive in-store experience. We believe that this strategy has enabled us to develop a strong brand loyalty of our '*Monte Carlo*' brand. As on June 30, 2014 there were 196 '*Monte Carlo Exclusive Brand Outlets*' in India, two '*Monte Carlo Exclusive Brand Outlets*' in Dubai and one '*Monte Carlo Exclusive Brand Outlets*' in Kathmandu, Nepal. Out of the 196 '*Monte Carlo Exclusive Brand Outlets*' in India, 18 are owned and operated by our Company and the rest are operated by different franchisees. As on June 30, 2014, we had supplied our products to over 1,300 MBOs through our commissioned agents. We have also entered into distribution agreements with some of the leading Indian digital commerce platforms. Additionally, one of our group companies, Vanaik Spinning Mills Limited operates an online shopping website www.montecarlocollections.com through which they sell our products online.

As part of our growth strategy, our Board of Directors has a target of establishing 275 '*Monte Carlo Exclusive Brand Outlets*' by the end of Fiscal 2017. However, we have not identified any specific locations or entered into discussion with franchise partners for new '*Monte Carlo Exclusive Brand Outlets*' and our ability to effectively execute our expansion strategy depends on our ability and that of our franchisees to open new '*Monte Carlo Exclusive Brand Outlets*' successfully, which depends on many factors including identification of suitable store locations at acceptable terms, sourcing of sufficient levels of inventory at acceptable costs and successfully integrating new outlets into our existing operation. Opening of '*Monte Carlo Exclusive Brand Outlets*' in a specific region also helps our sales through MBOs in that region as '*Monte Carlo Exclusive Brand Outlets*' increases our brand visibility in that market. Additionally, we also seek to expand our sales network through our commissioned agents and through digital commerce platforms. If we are unable to successfully execute our expansion strategy by way of opening and operating additional '*Monte Carlo Exclusive Brand Outlets*', our business, results of operations and financial condition may be materially and adversely affected.

Diversification of our product range

While historically, our portfolio of products under '*Monte Carlo*' has primarily catered to the premium and mid-premium segments, we have recently launched an economy range ('*Cloak & Decker*') of cotton apparel products under the '*Monte Carlo*' brand. We have also entered the kids apparel segment under our '*Tweens*' range for kids in the age group of seven years to 14 years which includes sweaters, cardigans, shirts, t-shirts and bottoms for kids. We propose to increase our production and supply of apparel products in the '*Tweens*' range and also launch a dedicated marketing and branding exercise for our kids apparel products. However, if we are unable to continue and/or expand our product range, we may lose market share to our competitors and that may adversely impact our results of operations.

Increasing expenditures

Our expenses comprise of (i) cost of materials consumed, (ii) purchases of stock in trade, (iii) changes in inventories of finished goods, work-in-process and traded goods, (iv) employee benefit expenses, (v) finance costs, (vi) depreciation and amortisation and (vii) other expenses. Our total expenses increased by 26.49% and 13.60% in fiscal 2014 and fiscal 2013, respectively, compared to increases in our total revenues (net) of 24.60% and 10.94%, respectively. Our results of operations are affected by our inability to manage our expenses, the principal components of which consist of cost of materials consumed and cost of purchase of stock in trade, each of which are discussed below:

Cost of materials consumed

Cost of materials consumed account for a significant portion of our overall expenditures, and reflects our cost of raw materials purchased for woollen as well as cotton and cotton-blended products. In the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, our cost of materials consumed constituted 57.40%, 30.97%, 29.69% and 36.75%, respectively, of our total expenditure. These consumed materials include woollen yarn, cotton yarn, other yarn, woven fabric, non-woven fabric and knitted cloth. We are exposed to fluctuations in the prices of woollen and cotton yarn, fabrics and knitted cloth as well as their unavailability, particularly as we typically do not enter into any supply agreements with our suppliers and yarn, fabrics and cloth are bought by our Company either from the Group Companies at spot prices or from third parties in the spot market. We may be unable to control or provide for the factors affecting the price at which we procure our woollen yarn, cotton yarn, fabrics or knitted cloth.

Purchase of stock in trade

One of our most significant expenditures in the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012 was our cost of purchase of stock in trade. Expenditure in relation to purchase of stock in trade refers to finished products purchased by our Company for sale under our '*Monte Carlo*' brand. This primarily included cotton and cotton-blended products and home furnishing products which are not manufactured in-house by us. In the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, our cost of purchase of stock in trade constituted 35.40%, 33.34%, 31.60% and 37.97%, respectively, of our total expenses.

We generally do not enter into agreements with our third party manufacturers from whom we buy finished products for sale under our '*Monte Carlo*' brand and typically transact business on an order-by-order basis. There can be no assurance that there will not be a significant disruption in the supply of finished products from current sources or, in the event of a disruption, that we would be able to locate alternative third party manufacturers of comparable quality at an acceptable price, or at all. Identifying a suitable third party manufacturer is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labour and other ethical practices. Further, we cannot assure you that our third party manufacturers will continue to be associated with us on reasonable terms, or at all. Since such third party manufacturers are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms to such third party manufacturers, which may have a material adverse effect on our business conditions and results of operations.

Inventory management

Inventory management processes impact our results of operations and maintaining appropriate levels of inventory is critical to our overall profitability. Our products in inventory include raw materials, work in process, finished products manufactured by us and finished outsourced products. In order to minimize the risk of building up aged inventories, it is our policy to regularly review the obsolescence of inventories based on their age. We monitor and analyse our inventory level at the '*Monte Carlo Exclusive Brand Outlets*' on a daily basis based on item-wise daily sales reports to identify slow- and fast-moving merchandise.

Additionally, weather conditions and economic recessions impact our inventory levels as we have separate inventory cycles for our woollen products and for our cotton and cotton-blended products. During the economic slowdown in fiscal 2012, our aged inventory increased significantly from the preceding fiscal. Similarly, a mild and short winter may also have a material adverse effect on our next season sales as most of the MBOs and '*Monte Carlo Exclusive Brand Outlets*' may have unsold inventory from the previous season and might place smaller orders compared to the last season.

Significant Accounting Policies

The audited restated financial information has been prepared by applying the necessary adjustments to the financial information of our Company. This financial information has been prepared in accordance with Indian GAAP and under the historical cost convention, on the accounting principles of a going concern and as per applicable accounting standards in India. The accounting policies have been consistently applied by our Company and are consistent with those used in the previous year. For a full description of our significant accounting policies adopted in the preparation of the restated financial information, see "***Financial Information***" on page 166.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured.

a) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and our Company retains no effective control of the goods transferred to a degree usually associated with ownership; and

b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Fixed Assets

<u>Tangible assets:</u> Fixed assets are stated at historic cost less accumulated depreciation and amortization and impairment losses (if any). Cost comprises the purchase price and any attributable costs of bringing the assets to their working condition for their intended use.

<u>Intangible assets</u>*:* Software which is not an integral part of the related hardware is classified as an intangible asset.

Depreciation and Amortisation

- Depreciation on fixed assets for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 is provided on written down value method as per the rates prescribed under schedule XIV of the Companies Act, 1956.

- Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective April 1, 2014, the management has reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for period ended June 30, 2014 is provided on written down value method as per the rates prescribed under Schedule II of the Companies Act, 2013.

- The comparison of useful lives is as follows:

Block of asset	Useful life as per the Companies Act, 2013 (in years)	Existing useful lives as per the Companies Act, 1956 (in years)
Buildings	30	30 – 60
Plant and machinery	15	13 – 20
Furniture and fixture	10	15
Office equipment	5	20
Computers	3	6
Vehicles	8 – 10	10
Software	As per AS 26	5 years

Investments

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments; all other investments are classified as long term investments. Long term investment is carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current investments are carried at lower of cost and fair value.

Inventories

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes direct expenses and is determined on the basis of weighted average method.
- Stores and spares cost includes direct expenses and is determined on the basis of weighted average method.
- In case of work in process – at raw material cost plus conversion costs depending upon the stage of completion.
- In case of manufactured finished goods – appropriate percentage of gross margin is reduced from the sale value which approximates costs of purchase, costs of conversion and other attributable costs.
- In case of traded finished goods – stated at the lower of cost or market value. Cost is determined using the weighted average cost basis and includes the purchase price and attributable direct costs.

Borrowing Costs

Borrowing cost which are not relatable to the qualifying asset are recognized as an expense in the period in which they are incurred. Borrowing cost on specific loans, used on acquisition or construction of fixed assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalised. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss over the lease term on a straight line basis.

Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year /period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year/period. The weighted average number of equity shares outstanding during the year/period is adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year /period attributable to equity shareholders and the weighted average number of shares outstanding during the year/stub period are adjusted for the effects of all dilutive potential equity shares.

Results of Operations

Revenue

Our total revenue comprises of our revenue from operations and other income. Our revenue from operations includes our revenue from sale of woollen products, sale of cotton and cotton-blended products, sale of other products and other operating income. The following table shows our revenue from operations and other income:

(₹ in million, except percentages)

Particulars	Three months ended June 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
Revenue from sale of woollen products	17.37	2,024.75	1,921.21	1,822.90
% of total revenue from operations (gross)	*2.32%*	*40.20%*	*45.30%*	*45.74%*
Revenue from sale of cotton and cotton-blended products	463.12	1,921.74	1,560.67	1,683.37
% of total revenue from operations (gross)	*61.94%*	*38.15%*	*36.80%*	*42.24%*
Revenue from sale of kids apparel	28.93	147.82	83.75	-
% of total revenue from operations (gross)	*3.87%*	*2.93%*	*1.97%*	*N.A.*
Revenue from sale of other products	237.31	928.97	664.04	466.77
% of total revenue from operations (gross)	*31.74%*	*18.44%*	*15.66%*	*11.71%*
Other operating income	0.95	14.02	11.64	11.93
% of total revenue from operations (gross)	*0.13%*	*0.28%*	*0.27%*	*0.30%*
Revenue from operations (gross)	***747.68***	***5,037.31***	***4,241.32***	***3,984.97***
Less: Excise duty	-	-	196.89	263.27
Revenue from operations (net)	***747.68***	***5,037.31***	***4,044.43***	***3,721.70***
Other Income	***44.64***	***151.61***	***120.16***	***32.14***
Total revenue	**792.32**	**5,188.92**	**4,164.59**	**3,753.84**

Revenue from operations

Our revenue from operations are primarily generated from (i) sale of woollen products, (ii) sale of cotton and cotton-blended products, (iii) sale of kids apparel, and (iv) sale of other products. Excise duty was made mandatory for branded apparel with effect from March 1, 2011 which was subsequently made optional with effect from March 1, 2013 subject to compliance with certain terms and conditions under the Central Excise Act, 1944, as amended. Our Company applied for an exemption and accordingly did not have to make any specific payment of excise duty for the revenue from operations for fiscal 2014 and for three months ended June 30, 2014. Additionally, due to decrease in tariff value for branded apparel, our excise duty liability also decreased in fiscal 2013. However, there are recent press reports suggesting that the excise duty on branded apparel may be reintroduced by the Government of India. For further details, see "***Risk Factors*** – ***45. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, financial condition, results of operations and prospects.***" on page 29.

Revenue from sale of woollen products

Our revenue from sale of woollen products (excluding woollen woven apparel) accounted for 2.32%, 40.20%, 45.30% and 45.74% of our total revenue from operations (gross) for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Our revenue from sale of woollen products primarily consists of sale of knitted woollen apparel which include sweaters, cardigans, woollen caps and mufflers and excludes woollen woven apparel. Most of the knitted woollen apparel products are manufactured in-house at our manufacturing facility in Ludhiana.

Revenue from sale of cotton and cotton-blended products

Our revenue from sale of cotton and cotton-blended products accounted for 61.94%, 38.15%, 36.80% and 42.24% of our total revenue from operations (gross) for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Our revenue from sale of cotton and cotton-blended products includes our revenue generated by sale of woollen woven apparel, cotton knitted, cotton woven and denim products which comprise of shirts, trousers, t-shirts, sweat shirts, track suits, denims, shawls, stoles, suits and jackets. We follow an asset-light model by outsourcing the production of the cotton and cotton-blended products to a network of third-party manufacturers, also known as job work entities. However, we have also recently commenced in-house manufacturing of some of our cotton t-shirts and thermals in April 2014.

Revenue from sale of kids apparel

We introduced kids apparel under our '*Monte Carlo*' brand in fiscal 2013. Our revenue from sale of kids apparel accounted for 3.87%, 2.93% and 1.97% of our total revenue from operations (gross) for the three months ended June 30, 2014, fiscal 2014 and fiscal 2013, respectively. Our revenue from sale of kids apparel includes revenue from sale of apparel in the '*Tweens*' range under the '*Monte Carlo*' brand which includes sweaters, cardigans, shirts, t-shirts and bottoms for the kids in the age group of seven years to 14 years.

Revenue from sale of other products

Our revenue from sale of other products accounted for 31.74%, 18.44%, 15.66% and 11.71% of our total revenue from operations (gross) for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Our revenue from sale of other products includes income from sale of home furnishings products and manufacturing wastes. This also includes revenue from sale of certain raw materials to job work entities and third party manufacturers.

Other income

Our other income primarily includes interest earned on bank deposits, interest on delayed payments and penalties from MBOs, commissioned agents and franchise partners of '*Monte Carlo Exclusive Brand Outlets*', and profit on sale of investments in mutual funds.

Expenses

Our expenses comprise of (i) cost of materials consumed, (ii) purchases of stock in trade, (iii) changes in inventories of finished goods, work-in-process and traded goods, (iv) employee benefit expenses, (v) finance costs, (vi) depreciation and amortisation and (vii) other expenses.

The following table sets forth our expenditure in Rupees and as a percentage of our total revenue for the periods indicated:

(₹ in million, except percentages)

Particulars	**Three months ended June 30, 2014**	**Fiscal 2014**	**Fiscal 2013**	**Fiscal 2012**
Cost of materials consumed	381.32	1,347.66	1,021.38	1,112.97
% of total revenue	*48.13%*	*25.97%*	*24.53%*	*29.65%*
Purchases of stock in trade	235.19	1,450.72	1,086.90	1,149.62
% of total revenue	*29.68%*	*27.96%*	*26.10%*	*30.63%*
Changes in inventories of finished goods, work-in-process and traded goods	(393.25)	(189.85)	(34.40)	(432.90)
% of total revenue	*(49.63)%*	*(3.66)%*	*(0.83)%*	*(11. 53)%*
Employee benefit expenses	97.37	270.36	189.11	137.39
% of total revenue	*12.29%*	*5.21%*	*4.54%*	*3.66%*
Finance costs	31.04	93.19	36.85	65.35
% of total revenue	*3.92%*	*1.80%*	*0.88%*	*1.74%*
Depreciation and amortisation	65.90	162.09	68.20	59.49
% of total revenue	*8.32%*	*3.12%*	*1.64%*	*1.58%*
Other expenses	246.77	1,217.19	1,071.92	936.19
% of total revenue	*31.15%*	*23.46%*	*25.74%*	*24.94%*
Total expenses	**664.33**	**4,351.36**	**3,439.96**	**3,028.11**

Cost of material consumed

Costs of materials consumed consist primarily of costs of woollen yarn, cotton yarn, other yarn, woven fabric, non-woven fabric and knitted cloth. Cost of materials consumed accounted for 48.13%, 25.97%, 24.53% and 29.69% of our total revenue for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Cost of materials consumed indicates the difference between the opening and closing inventory, as adjusted for raw materials purchased during the period and, solely for fiscal 2012, as adjusted for the de-merger the apparel business of OWML under the brand '*Monte Carlo*' into our Company.

Purchases of stock in trade

Expenditure in relation to purchase of stock in trade refers to finished products purchased by our Company from job work entities or third party manufacturers for sale under our '*Monte Carlo*' brand. This primarily included cotton and cotton-blended products and home furnishing products which are not manufactured in-house. Cost of purchase of stock in trade accounted for 29.68%, 27.96%, 26.10% and 30.63% of our total revenue for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Changes in inventories of finished goods and work-in-process

Our changes in inventories of finished goods, work-in-process and traded goods include (i) changes in the opening stock and the closing stock of our finished goods which include both woollen and cotton and cotton-blended products and home furnishing products, and (ii) changes in the opening stock and the closing stock of work-in-process goods which we manufacture, primarily our woollen knitted apparel. For fiscal 2012, our changes in inventories include changes in the opening stock which were transferred from OWML to our Company pursuant to the de-merger of the apparel business of OWML under the brand '*Monte Carlo*' and the closing stock. It also includes the difference in the excise duty on the opening/transferred stock and the closing stock.

Employee benefit expenses

Our employee benefit expenses comprise employee salaries and bonuses, contribution to employee's provident fund and other funds, staff welfare expenses and employee benefits. Employee benefit expenses accounted for 12.29%, 5.21%, 4.54% and 3.66% of our total revenue for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Finance costs

Our finance costs comprise interest paid on our debt facilities from banks and on security deposits of our franchise partners of the '*Monte Carlo Exclusive Brand Outlets*' and commissioned agents. Our finance costs accounted for 3.92%, 1.80%, 0.88% and 1.74% of our total revenue for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Depreciation and amortisation

Depreciation on fixed assets for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 is provided on written down value method as per the rates prescribed under schedule XIV of the Companies Act, 1956. However, pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective from April 1, 2014, we have reassessed and changed, wherever necessary, the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for period ended June 30, 2014 is provided on written down value method as per the rates prescribed under Schedule II of the Companies Act, 2103. For details of comparison of useful lives under the Companies Act, 2013 and the Companies Act, 1956, see "***– Significant Accounting Policies – Depreciation and Amortisation***" above.

Depreciation is calculated on a pro-rata basis from the date of ready to use till the date the assets are sold or disposed off. Assets costing individually ₹ 5,000 or less are fully depreciated in the year of purchase. Software is being amortised, using the straight-line method, over a period of five years, being its estimated useful life. Depreciation and amortisation accounted for 8.32%, 3.12%, 1.64% and 1.58% of our total revenue for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Other expenses

Our other expenses include all manufacturing, administrative, marketing and branding, and miscellaneous expenditures. This includes consumption of stores and spare parts, costs of power and fuel, rent, repairs to building, machinery and others, insurance premiums, legal and professional fees, travelling and conveyance expenses, job work processing charges, commission paid to our commissioned agents, advertisement and marketing expenses and miscellaneous expenses. The two major components of our other expenses are consumption of stores and spare parts, and advertisement and marketing expenses which were ₹ 56.40 million, ₹ 230.98 million, ₹ 178.91 million and ₹ 153.29 million; and ₹ 37.50 million, and ₹ 209.90 million, ₹ 229.13 million and ₹ 227.34 million, for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Other expenses accounted for 31.15%, 23.46%, 25.74% and 24.94% of our total revenue for the three months ended June 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Three months ended June 30, 2014

Revenue

Our total revenue for three month ended June 30, 2014 was ₹ 792.32 million which comprised of ₹ 747.68 million from revenue from operations and ₹ 44.64 million from other income.

Our total revenue from operations for three month ended June 30, 2014 was ₹ 747.68 million which comprised of ₹ 17.37 million revenue from sale of woollen products, ₹ 463.12 million revenue from sale of cotton and cotton-blended products, ₹ 28.93 million revenue from sale of kids apparel, ₹ 237.31 million revenue from sale of other products and ₹ 0.95 million from other operating income. Our total revenue from operations was positively impacted by revenue from sale of cotton and cotton-blended products in the non-winter season during the three month ended June 30, 2014 and increase in '*Monte Carlo Exclusive Brand Outlets*' from 191 as on March 31, 2014 to 196 as on June 30, 2014. It was also driven by our revenue from sale of other products including home furnishing products.

Our other income for three month ended June 30, 2014 was ₹ 44.64 million.

Expenses

Our total expenses for three month ended June 30, 2014 was ₹ 664.34 million.

Our total expenses for three month ended June 30, 2014 comprised of ₹ 381.32 million cost of materials consumed, ₹ 235.19 million purchases of stock in trade, ₹ (393.25) million changes in inventories of finished goods, work-in-process and traded goods, ₹ 97.37 million employee benefit expenses, ₹ 31.04 million finance costs, ₹ 65.90 million depreciation and amortisation and ₹ 246.77 million other expenses. Our changes in inventories of finished goods for the three month ended June 30, 2014 was driven primarily by the production and accumulation of winter-wear products for the upcoming winter season which predominantly comprised of our woollen knitted apparel. Further, we commenced in-house manufacturing of some of our cotton t-shirts and thermals in April 2014 and accordingly, our cost of material consumed increased in the three month ended June 30, 2014, while our job work processing charges as part of our other expenses declined during this period. Additionally, pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs which is effective from April 1, 2014, we have reassessed and changed, wherever necessary, the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013 for the three month ended June 30, 2014.

Profit before tax and extraordinary items, as restated

Our profit before tax for three month ended June 30, 2014 was ₹ 127.98 million.

Tax

Our provisions for tax liabilities for three month ended June 30, 2014 was ₹ 42.80 million which comprised of current tax liability of ₹ 47.01 million and deferred tax liability of ₹ (4.21) million.

Net profit, as restated

Our profit after tax for three month ended June 30, 2014 was ₹ 85.18 million.

Fiscal 2014 compared with fiscal 2013

Revenue

Our total revenue increased by ₹ 1,024.33 million, or 24.60% from ₹ 4,164.59 million in fiscal 2013 to ₹ 5,188.92 million in fiscal 2014. This increase was largely due to ₹ 103.54 million increase in revenue from sale of woollen products, ₹ 361.07 million increase in revenue from sale of cotton and cotton-blended products by our Company, ₹ 64.07 million increase in revenue from sale of kids apparel and ₹ 264.93 million increase in revenue from sale of other products. Further, excise duty which was made mandatory for branded apparel with effect from March 1, 2011, was made optional with effect from March 1, 2013 subject to compliance with certain terms and conditions under the Central Excise Act, 1944, as amended. This had a positive impact on our revenue from operations.

Revenue from sale of woollen products

Our revenue from sale of woollen products (excluding woollen woven apparel) increased by ₹ 103.54 million, or 5.39%, from ₹ 1,921.21 million in fiscal 2013 to ₹ 2,024.75 million in fiscal 2014. This increase was primarily driven by the increase in our woollen products manufacturing capacity by addition of new knitting machines. Additionally, our revenue from sale of woollen products was also positively impacted by an extended winter in fiscal 2014 which led to higher sale of our woollen products. We also introduced a new premium range for men called '*Platine*' under the '*Monte Carlo*' brand in fiscal 2014. Our increased revenue from sale of woollen products was facilitated by opening of 27 new '*Monte Carlo Exclusive Brand Outlets*' in fiscal 2014.

Revenue from sale of cotton and cotton-blended products

Our revenue from sale of cotton and cotton-blended products (including woollen woven apparel) increased by ₹ 361.07 million, or 23.14%, from ₹ 1,560.67 million in fiscal 2013 to ₹ 1,921.74 million in fiscal 2014. This increase was primarily due to an increase in our portfolio of cotton and cotton-blended products in fiscal 2014.

We had also increased our presence by opening 27 new '*Monte Carlo Exclusive Brand Outlets*' in fiscal 2014 which led to an increase in our revenue from sale of cotton and cotton-blended products.

Revenue from sale of kids apparel

Our revenue from sale of kids apparel increased by ₹ 64.07 million, or 76.50%, from ₹ 83.75 million in fiscal 2013 to ₹ 147.82 million in fiscal 2014. This increase was primarily driven by the full year impact of our kids apparel business in fiscal 2014 under the '*Tweens*' range which was launched in fiscal 2013.

Revenue from sale of other products

Our revenue from sale of other products increased by ₹ 264.93 million, or 39.90%, from ₹ 664.04 million in fiscal 2013 to ₹ 928.97 million in fiscal 2014. This increase was primarily driven by increase in demand for our home furnishings products under the '*Monte Carlo*' brand and our increased market penetration.

Other income

Our other income increased by ₹ 31.45 million, or 26.17%, from ₹ 120.16 million in fiscal 2013 to ₹ 151.61 million in fiscal 2014. This increase was primarily due to an increase in interest earned on fixed deposits and profit on sale of investments in fiscal 2014.

Expenses

Our total expenses increased by ₹ 911.39 million, or 26.49%, from ₹ 3,439.96 million in fiscal 2013 to ₹ 4,351.36 million in fiscal 2014. This increase was principally due to ₹ 363.82 million increase in cost of purchase of stock in trade and ₹ 326.28 million increase in cost of materials consumed.

Cost of materials consumed

Our cost of materials consumed increased by ₹ 326.28 million, or 31.95%, from ₹ 1,021.38 million in fiscal 2013 to ₹ 1,347.66 million in fiscal 2014. This increase was primarily due to higher purchase of raw materials in fiscal 2014 primarily for increased production. This increase in cost of raw materials was primarily driven by increased purchase of knitted cloth and woven fabric. Our cost of purchase of knitted cloth increased by 49.98% from ₹ 290.97 million in fiscal 2013 to ₹ 436.39 million in fiscal 2014 due to increased focus on cotton and cotton-blended products in fiscal 2014.

Purchase of stock in trade

Our cost of purchase of stock in trade increased by ₹ 363.82 million, or 33.47%, from ₹ 1,086.90 million in fiscal 2013 to ₹ 1,450.72 million in fiscal 2014. This increase was due to our increased focus on cotton and cotton-blended products resulting in higher purchases of cotton and cotton-blended products from job work entities and increase in the number of '*Monte Carlo Exclusive Brand Outlets*'.

Changes in inventories of finished goods and work-in-process

Our cost of changes in inventories of finished goods, work-in-process and traded goods decreased by ₹ 155.45 million or 451.95%, from ₹ 34.40 million in fiscal 2013 to ₹ 189.85 million in fiscal 2014. This decrease was in conformity with our increased operations.

Employee benefit expenses

Our employee benefit expenses increased by ₹ 81.25 million, or 42.96%, from ₹ 189.11 million in fiscal 2013 to ₹ 270.36 million in fiscal 2014. This increase in our employee benefit expenses was driven by a general increase in the salaries, allowances and bonus paid to our employees as well as an increase in the number of our employees from 1,062 on March 31, 2013 to 1,458 on March 31, 2014.

Finance costs

Our finance costs increased by ₹ 56.34 million, or 152.89%, from ₹ 36.85 million in fiscal 2013 to ₹ 93.19 million in fiscal 2014. This increase was primarily due to ₹ 51.62 million increase in interest expenses paid to our lender banks due to additional long term borrowing facilities obtained for setting up of our new manufacturing facility in Ludhiana.

Depreciation and amortization

Our depreciation and amortization expenses increased by ₹ 93.89 million, or 137.67%, from ₹ 68.20 million in fiscal 2013 to ₹ 162.09 million in fiscal 2014. This increase was due to increase in gross fixed assets due to setting up the new manufacturing facility along with addition to plant and machinery.

Other expenses

Our other expense increased by ₹ 145.27 million, or 13.55%, from ₹ 1,071.92 million in fiscal 2013 to ₹ 1,217.19 million in fiscal 2014. This increase was primarily due to increase in consumption of stores and spare parts, cost of power and fuel due to higher manufacturing activities and increase in cost of electricity and diesel. Additionally, rent expense increased due to the transfer of 17 '*Monte Carlo Exclusive Brand Outlets*' from Vanaik Spinning Mills Limited to our Company with effect from September 1, 2013 and rent paid on these '*Monte Carlo Exclusive Brand Outlets*'. Further, commission on sales paid to our commissioned agents also increased due to increased sale of our products. These increases were primarily off set by decrease in job work processing charges due to higher in-house production of woollen apparel compared to fiscal 2013, and by decrease in advertisement expense compared to fiscal 2013 which was higher due to introduction of new ranges under our '*Monte Carlo*' brand and associated marketing and branding exercises.

Profit before tax and extraordinary items, as restated

Primarily due to the reasons described above, our profit before tax increased by ₹ 112.93 million, or 15.58%, from ₹ 724.63 million in fiscal 2013 to ₹ 837.56 million in fiscal 2014.

Tax

Due to an increase in our profit before tax, our provisions for tax liabilities increased by ₹ 48.95 million, or 20.78%, from ₹ 235.59 million in fiscal 2013 to ₹ 284.54 million in fiscal 2014. Our current tax increased by ₹ 29.10 million, from ₹ 230.00 million in fiscal 2013 to ₹ 259.10 million in fiscal 2014 and our deferred tax liability was ₹ 25.44 million in fiscal 2014, as compared to ₹ 5.59 million in fiscal 2013.

Net profit, as restated

Our profit after tax increased by ₹ 63.98 million, or 13.08%, from ₹ 489.04 million in fiscal 2013 to ₹ 553.02 million in fiscal 2014.

Fiscal 2013 compared with fiscal 2012

Revenue

Our total revenue increased by ₹ 410.75 million, or 10.94% from ₹ 3,753.84 million in fiscal 2012 to ₹ 4,164.59 million in fiscal 2013. This increase was largely due to ₹ 83.75 million revenue from sale of kids apparel by our Company, an increase of ₹ 197.27 million revenue from sale of other products which were driven by introduction of home furnishing products under the '*Monte Carlo*' brand and decrease in excise duty on our products by ₹ 66.38 million due to decrease in the rate of excise duty in fiscal 2013. This increase was partially off set by lower revenue from sale of our products through '*Monte Carlo Exclusive Brand Outlets*' which were transferred to Vanaik Spinning Mills Limited from our Company with effect from April 1, 2012. Sale of our products to the '*Monte Carlo Exclusive Brand Outlets*' of Vanaik Spinning Mills Limited were undertaken on a whole sale basis in fiscal 2013 compared to sale of our products on the basis of maximum retail price, or MRP, from the '*Monte Carlo Exclusive Brand Outlets*' owned by our Company in fiscal 2012.

Revenue from sale of woollen products

Our revenue from sale of woollen products (excluding woollen woven apparel) increased by ₹ 98.31 million, or 5.39%, from ₹ 1,822.90 million in fiscal 2012 to ₹ 1,921.21 million in fiscal 2013. This increase was primarily due to an increase in our woollen products manufacturing in fiscal 2013 by addition of new knitting machines and increase in our portfolio of woollen apparel and the opening of 19 new '*Monte Carlo Exclusive Brand*

Outlets' in fiscal 2013. However, we believe that our sales were negatively impacted by the economic slowdown in India and a short winter in fiscal 2012.

Revenue from sale of cotton and cotton-blended products

Our revenue from sale of cotton and cotton-blended products (including woollen woven apparel) decreased by ₹ 122.70 million, or 7.29%, from ₹ 1,683.37 million in fiscal 2012 to ₹ 1,560.67 million in fiscal 2013. This decrease was primarily due to lower demand for our cotton and cotton-blended apparel in fiscal 2013 due to an economic slowdown in India in fiscal 2012 which resulted in lower orders from our '*Monte Carlo Exclusive Brand Outlets'* and commissioned agents for MBOs for fiscal 2013 as consumers, we believe, cut down on discretionary spending on non-essential items. This was also impacted by higher off-season discounts offered on the unsold cotton and cotton-blended products.

Revenue from sale of kids apparel

We introduced our exclusive range '*Tweens*' for kids apparel under our '*Monte Carlo*' brand in fiscal 2013. Our revenue from sale of kids apparel was ₹ 83.75 million in fiscal 2013.

Revenue from sale of other products

Our revenue from sale of other products increased by ₹ 197.27 million, or 42.26%, from ₹ 466.77 million in fiscal 2012 to ₹ 664.04 million in fiscal 2013. This increase was primarily driven by introduction of home furnishing products under the '*Monte Carlo*' brand.

Other income

Our other income increased by ₹ 88.02 million, or 273.89%, from ₹ 32.14 million in fiscal 2012 to ₹ 120.16 million in fiscal 2013. This increase was primarily due to an increase in interest earned on the bank deposits from the proceeds received from the issuance of our equity shares to KIL, an affiliate of Samara Capital, a Mauritius based India focused private equity investment firm in fiscal 2013 and accumulation of cash generated from our operations.

Expenses

Our total expenses increased by ₹ 411.85 million, or 13.60%, from ₹ 3,028.11 million in fiscal 2012 to ₹ 3,439.96 million in fiscal 2013. This increase was principally due to ₹ 51.72 million increase in employee benefit expenses and ₹ 135.73 million increase in other expenses in fiscal 2013.

Cost of materials consumed

Our cost of materials consumed decreased by ₹ 91.59 million, or 8.23%, from ₹ 1,112.97 million in fiscal 2012 to ₹ 1,021.38 million in fiscal 2013. This decrease was primarily due to decrease in consumption of woollen yarn, woven fabric and knitted cloth which was caused by decline in the demand of our apparel products due to slowdown in the Indian economy and a short winter in fiscal 2012.

Purchase of stock in trade

Our cost of purchase of stock in trade decreased by ₹ 62.72 million, or 5.46%, from ₹ 1,149.62 million in fiscal 2012 to ₹ 1,086.90 million in fiscal 2013. This decrease too was due to decline in the demand of our branded apparel products driven by economic slowdown in India.

Changes in inventories of finished goods, work-in-process and traded goods

Our cost of changes in inventories of finished goods, work-in-process and traded goods increased by ₹ 398.50 million or 92.05%, from ₹ 432.90 million in fiscal 2012 to ₹ 34.40 million in fiscal 2013.

Employee benefit expenses

Our employee benefit expenses increased by ₹ 51.72 million, or 37.65%, from ₹ 137.39 million in fiscal 2012 to ₹ 189.11 million in fiscal 2013. This increase in our employee benefit expenses was driven by managerial remuneration paid in fiscal 2013 as no managerial remuneration was paid to our executive Directors until August 10, 2011 post the de-merger of apparel business of OWML under the brand '*Monte Carlo*' into our Company. This was also impacted by a general increase in the salaries, allowances and bonus paid to our employees as well as an increase in the number of our employees from 769 on March 31, 2012 to 1,062 on March 31, 2013.

Finance costs

Our finance costs decreased by ₹ 28.50 million, or 43.61%, from ₹ 65.35 million in fiscal 2012 to ₹ 36.85 million in fiscal 2013. This decrease was primarily due to ₹ 23.30 million decrease in interest expenses paid to our lender banks driven by reduction in net borrowing from the banks.

Depreciation and amortization

Our depreciation and amortization expenses increased by ₹ 8.71 million, or 14.63%, from ₹ 59.49 million in fiscal 2012 to ₹ 68.20 million in fiscal 2013. This increase was due to addition of plant and machinery including knitting machines for our woollen knitted products.

Other expenses

Our other expense increased by ₹ 135.73 million, or 14.50%, from ₹ 936.19 million in fiscal 2012 to ₹ 1,071.92 million in fiscal 2013. This increase was primarily due to increase in consumption of stores and spare parts due to increase in prices of packing materials and consumable stores. There was also an increase in legal and professional expenses due to fees paid to advisors for the investment by KIL, an affiliate of Samara Capital, in our Company. Additionally, this was also driven by increase in freight and forwarding charges and rebates and discounts offered. However, this was partially off set by decrease in rent paid by us due to transfer of 18 '*Monte Carlo Exclusive Brand Outlets*' to Vanaik Spinning Mills Limited from our Company with effect from April 1, 2012.

Profit before tax and extraordinary items, as restated

Primarily due to the reasons described above, our profit before tax decreased marginally by ₹ 1.10 million, or 0.15%, from ₹ 725.73 million in fiscal 2012 to ₹ 724.63 million in fiscal 2013.

Tax

Our provisions for tax liabilities marginally increased by ₹ 4.39 million, or 1.90%, from ₹ 231.20 million in fiscal 2012 to ₹ 235.59 million in fiscal 2013. Our current tax decreased by ₹ 25.65 million, from ₹ 255.65 million in fiscal 2012 to ₹ 230.00 million in fiscal 2013, however, our deferred tax liability increased from ₹ (24.45) million in fiscal 2012 to ₹ 5.59 million in fiscal 2013.

Net profit, as restated

Our profit after tax decreased marginally by ₹ 5.49 million, or 1.11%, from ₹ 494.53 million in fiscal 2012 to ₹ 489.04 million in fiscal 2013.

Liquidity and Capital Resources

As of June 30, 2014, we had cash and bank balances of ₹ 1,166.58 million. Cash and bank balances consist of cash on hand, cheques on hand and deposit accounts including fixed deposits. Our primary liquidity requirements have been to finance our working capital requirements. We have met these requirements from cash flows from operations, proceeds from the issuance of equity shares, and short-term and long-term borrowings. Our business requires a significant amount of working capital. We expect to meet our working capital requirements for the next 12 months primarily from the cash flows from our business operations and working capital borrowings from banks as may be required.

Cash flows

Set forth below is a table of selected information from the Company's statements of cash flows for the periods indicated.

(₹ in million)

Particulars	Three months ended June 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
Net cash from/ (used in) operating activities	178.45	237.10	504.55	(8.40)
Net cash from/ (used in) investing activities	(394.11)	(440.22)	(1,961.82)	(457.46)
Net cash from/ (used in) financing activities	210.77	196.11	1,463.03	478.49
Net increase/ (decrease) in cash and cash equivalents	(4.88)	(7.01)	5.76	12.63
Opening cash and cash equivalents	11.46	18.47	12.71	0.08
Closing cash and cash equivalents	6.58	11.46	18.47	12.71

Net cash from/used in operating activities

Net cash from operating activities in the three months ended June 30, 2014 was ₹ 178.45 million and our operating profit before working capital changes for that period was ₹ 200.46 million. The difference was primarily attributable to ₹ 427.03 million increase in inventories and ₹ 150.38 million increase in short-term loans and advances. This was partially off set by ₹ 450.00 million decrease in other non-current assets.

Net cash from operating activities in fiscal 2014 was ₹ 237.10 million and our operating profit before working capital changes for that period was ₹ 973.94 million. The difference was primarily attributable to a ₹ 450.10 million increase in other non current assets, ₹ 305.12 million increase in inventories, ₹ 240.39 million paid in taxes including taxes deducted at source. This was partially off set by ₹ 380.75 million increase in trade payables and ₹ 142.60 million increase in other current liabilities.

Net cash from operating activities in fiscal 2013 was ₹ 504.55 million and our operating profit before working capital changes for that period was ₹ 750.60 million. The difference was primarily attributable to a ₹ 289.32 million paid in taxes including taxes deducted at source. This was partially off set by ₹ 48.91 million increase in other current liabilities and ₹ 38.08 million increase in trade payables.

Net cash used in operating activities in fiscal 2012 was ₹ 8.40 million and our operating profit before working capital changes for that period was ₹ 849.13 million. The difference was primarily attributable to a ₹ 442.29 million increase in inventories, ₹ 291.93 million increase in our trade receivables and ₹ 233.48 million decrease in other current liabilities. This was also impacted by ₹ 290.90 million paid in taxes including taxes deducted at source. This was partially off set by ₹ 372.28 million increase in trade payables.

Net cash used in investing activities

In the three months ended June 30, 2014, our net cash used in investing activities was ₹ 394.11 million. This primarily reflected the payments of ₹ 350.00 million towards movement in fixed deposits and ₹ 56.15 million towards purchase of fixed assets.

In fiscal 2014, our net cash used in investing activities was ₹ 440.22 million. This reflected the payments of ₹ 755.91 million towards the purchase of fixed assets which primarily consisted of investment in our new manufacturing facility for woollen apparel, and payments of ₹ 125.00 million towards non-current investments. These payments were partially offset by ₹ 242.02 million as movement in fixed deposits.

In fiscal 2013, our net cash used in investing activities was ₹ 1,961.82 million. This reflected the payments of ₹ 1,051.82 million towards movement in fixed deposits, ₹ 665.71 million towards purchase of fixed assets, and ₹ 385.00 million towards purchase of current investments.

In fiscal 2012, our net cash used in investing activities was ₹ 457.46 million. This reflected the payments of ₹ 372.89 million towards the purchase of fixed assets, and ₹ 114.54 million towards movement in capital advances.

Net cash from financing activities

In the three months ended June 30, 2014, our net cash generated from financing activities was ₹ 210.77 million. This reflected ₹ 311.05 million received as short term borrowings for working capital requirements. These cash flows were partially off set by ₹ 78.15 million paid towards repayment of long term borrowings.

In fiscal 2014, our net cash generated from financing activities was ₹ 196.11 million. This reflected ₹ 207.09 million received as long term borrowing for buying new machines for our manufacturing facilities, ₹ 84.16 million received as short term borrowings for working capital requirements. These cash flows were partially off set by ₹ 95.14 million paid towards interests on our long term as well as working capital borrowings.

In fiscal 2013, our net cash generated from financing activities was ₹ 1,463.03 million. This reflected ₹ 1,250.00 million received as proceeds from issuance of Equity Shares to KIL, an affiliate of Samara Capital, a Mauritius based India focused private equity firm in June 2012 at a price of ₹ 435 per Equity Share, and ₹ 284.73 million received as long term borrowing for setting up the new manufacturing facility and for buying new machines. These cash flows were partially off set by ₹ 39.59 million paid towards repayment of short term working capital borrowings and ₹ 32.11 million towards interests on our long term as well as working capital borrowings.

In fiscal 2012, our net cash generated from financing activities was ₹ 478.49 million. This reflected ₹ 349.39 million received as long term borrowing for setting up the new manufacturing facility and for buying new machines, ₹ 107.49 million received as short term borrowings for working capital requirements, and ₹ 80.00 million received as proceeds from issuance of Equity Shares to Mr. Jawahar Lal Oswal, Mr. Kamal Oswal and Mr. Dinesh Oswal, our Promoters, through a preferential allotment of Equity Shares in September 2011 at a price of ₹ 56 per Equity Share. These cash flows were partially off set by ₹ 58.39 million paid towards interests on our long term as well as working capital borrowings.

Capital Expenditures

For the three months ended June 30, 2014, fiscal 2014, 2013 and 2012, our capital expenditures were ₹ 68.90 million, ₹ 781.82 million, ₹ 630.70 million and ₹ 180.69 million, respectively. The following table provides a breakdown of our capital expenditure spend by category during the periods indicated.

Asset class	Three months ended June 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
			(₹ in millions)	
Land and buildings	-	365.37	411.40	124.72
Plant and machinery	60.76	383.33	205.02	34.64
Other fixed assets	8.14	33.12	14.28	21.36
Total	68.90	781.82	630.70	180.69

Financial indebtedness

The following table sets forth the Company's secured and unsecured debt position as at June 30, 2014.

(₹ in million)

Particulars	**Amount outstanding as at June 30, 2014**
Unsecured loans:	
From Promoters	Nil
From Group Companies	Nil
From banks	Nil
Total (A)	Nil
Secured loans:	
Term loans from bank (includes instalment payable with in one year)	872.36
Export packing credit from bank	Nil
Cash credit from bank	540.78
Short term loans (repayable within one year)	Nil
Buyers credit	Nil
Bill discounting	Nil
Overdraft from bank	Nil
Car loans from bank	Nil
Car loans from others	Nil
Total (B)	1,413.14

Particulars	Amount outstanding as at June 30, 2014
Total (A+ B)	**1,413.14**

For details of our financial indebtedness, please see "***Financial Indebtedness***" on page 204.

Contingent Liabilities

As of June 30, 2014, we had the following contingent liabilities that have not been provided for in our financial statements:

(₹ in million)

Sl. No.		Amount
1.	Claims against the Company not acknowledged as debts[1]	0.50
2.	Letter of credit against imports[2]	59.90
3.	Particulars of unhedged foreign currency exposure	
	Trade receivables	6.56
	Short term loans and advances	17.40
	Other current liabilities	99.89
	Total	**184.25**

[1] *The Company has contested the additional demand in respect of Central Sales Tax, VAT etc., amounting to ₹ 0.50 million as at June 30, 2014. As against this a sum of ₹ 0.23 million as at June 30, 2014 has been deposited under protest and stands included under the head "Short-term loans and advances". The Company has filed an appeal with the Taxation Tribunal and is advised that the demand is not in accordance with law. No provision, therefore, has been made in accounts in respect thereof.*
[2] *This includes amount standing against purchase of traded goods amounting to ₹ 59.90 million against capital goods amounting to nil as at June 30, 2014.*

Quantitative and qualitative disclosure about market risk

Interest rate risk

We are exposed to market rate risk due to changes in interest rates on our credit facilities that we entered into. As at June 30, 2014, we had ₹ 1,413.14 million of outstanding indebtedness, which exposed us to market risk as a result of changes in interest rates. We undertake debt obligations to support our working capital needs and capital expenditure. Upward fluctuations in interest rates increase the cost of debt and interest cost of outstanding variable rate borrowings. We do not currently use any derivative instruments to modify the nature of our debt so as to manage our interest rate risk.

Commodity price risk

We are exposed to market risk with respect to the prices of certain raw materials used for our apparel products. These commodities include woollen yarn, cotton yarn, other yarn, woven fabric, non-woven fabric and knitted cloth. The costs for these raw materials are subject to fluctuation based on commodity prices. We are exposed to fluctuations in the prices of woollen and cotton yarn as well as its unavailability, particularly as we typically do not enter into any long-term supply agreements with our suppliers and yarn is bought by our Company in the spot market. We do not enter into fixed price or forward contracts in relation to procurement of these materials.

Inflation

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current margins if the selling prices of our products do not increase with these increased costs.

Unusual or infrequent events or transactions

Except as disclosed in this Red Herring Prospectus, there are no events or transactions which may be described as "unusual" or "infrequent".

Known trends or uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above in "Factors Affecting our Results of Operations" and the uncertainties described in "***Risk Factors***" on page 11. To our knowledge, except as we have described in this Red Herring Prospectus, there are no known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

Seasonality of business

Our business is seasonal in nature, with a significant amount of revenue generated primarily during the third quarter of each fiscal year. We believe that the seasonality of our business is substantially dependent upon the seasonality in the sales of our winter products which primarily occurs in the third quarter of any particular fiscal year, as our winter products are typically higher in value in terms of production cost as well as sales revenue, and accordingly generate higher revenue, in comparison with our non-winter products. This increase in revenue is primarily driven by the sale of our woollen apparel which includes sweaters, jackets, cardigans and sale of certain cotton and cotton-blended products such as cotton jackets, suits, sweat shirts, full sleeve t-shirts and shirts in the winter. Additionally, seasonal weather conditions also have a material impact on our sales as a longer winter ensures higher sales while a mild and short winter adversely affects our results of operations. A mild and short winter may also has a material adverse effect on our next season sales as most of the MBOs and '*Monte Carlo Exclusive Brand Outlets*' may have unsold stocks from the previous season and might place smaller orders compared to the last season.

Future relationship between expenditure and revenues

Except as described in "***Risk Factors***", "***Our Business***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 11, 105 and 208, respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Competitive conditions

We compete in the branded apparel industry specifically in the woollen and cotton and cotton-blended apparel segments. For details, see "***Our Business - Competition***" on page 121.

Dependence on single or few suppliers or customers

Given we distribute our apparel products through '*Monte Carlo Exclusive Brand Outlets*' and MBOs, including a network of national chain stores, we are not dependent on any particular customer. Additionally, for details of dependence on single or few suppliers, see "***Risk Factors 10. - We rely on certain Group Companies, including OWML and Nahar Spinning Mills Limited, for procurement of raw materials and outsourcing the manufacture of certain of our apparel, and any potential conflicts of interest pursuant to such related party transactions could have a material adverse effect on our business, financial condition and results of operations***" on page 15.

Transactions with related parties

We have certain transactions with our related parties. For details, see "***Financial Statements – Annexure 33 - Statement of Related Party Transactions and Balances, as Restated***" on page 198.

Recent accounting pronouncements

There are no recent accounting pronouncements that were not yet effective as at June 30, 2014 that will result in a change in our Company's significant accounting policies.

Significant Developments after June 30, 2014

There has been no material development in relation to our Company since June 30, 2014, except as disclosed elsewhere in this Red Herring Prospectus and as disclosed below.

Repayment of ₹ 50 million from SBOP

Our Company repaid a term loan amounting to ₹ 50 million obtained from SBOP and pursuant to its letter dated September 1, 2014, SBOP confirmed that the loan had been fully repaid by our Company.

Loan of ₹ 498.50 million from SBOP

Further, our Company entered into an agreement of loan for overall limit, agreement for hypothecation of goods and assets and agreement of pledge of goods and assets, all dated August 19, 2014 for availing a term loan facility of ₹ 498.50 million from SBOP pursuant to a sanction letter dated June 26, 2014.

SECTION VI – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, Directors, Promoters or Group Companies and there are no defaults, non payment or overdue of statutory dues, over-dues to banks or financial institutions, rollover/re-scheduling of loans or any other liability, dues payable to holders of any debentures, bonds and fixed deposits and arrears of preference shares of our Company defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of schedule V of the Companies Act, 2013, other than unclaimed liabilities against us and our Directors as of the date of this Red Herring Prospectus.

As regards our Group Companies, we have summarized outstanding litigation which, in such entities' reasonable judgment, if determined adversely, may result in a material adverse effect on the results of operations or financial condition of such entity. Based on the operations and financial results of our Group Companies, "material and adverse effect on the results of operations or financial position" of such entity has been defined as pending litigation: (a) where the aggregate amount involved in any individual litigation exceeds 1% of such entity's profit after tax (or where such entity has incurred losses, 1% of revenue) as at and for the year ended March 31, 2014, or, where the audited financial statements for such entity are unavailable as at and for the year ended March 31, 2014, such entity's profit after tax (or revenue) as at and for the year ended March 31, 2013; and (b) any other litigation, which could reasonably be expected to result in a material and adverse effect on our and/or their respective businesses as a whole. Further, information in respect of our Group Companies involving proceedings under the N.I. Act, civil proceedings for recovery and taxation disputes have been provided in a consolidated manner.

Our Company, our Directors, our Promoters and/or our Group Companies have not been declared as wilful defaulters by the RBI, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters, our Group Companies or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

CONTINGENT LIABILITIES

Our total contingent liabilities that have not been provided for and as disclosed in our restated financial information, as per Indian GAAP as of June 30, 2014, were ₹ 184.25 million.

(₹ in million)

Sl. No.		Amount
1.	Claims against the Company not acknowledged as debts[1]	0.50
2.	Letter of credit against imports[2]	59.90
3.	Particulars of unhedged foreign currency exposure	
	Trade receivables	6.56
	Short term loans and advances	17.40
	Other current liabilities	99.89
	Total	**184.25**

[1] The Company has contested the additional demand in respect of Central Sales Tax, VAT etc., amounting to ₹ 0.50 million as at June 30, 2014. As against this a sum of ₹ 0.23 million as at June 30, 2014 has been deposited under protest and stands included under the head "Short-term loans and advances". The Company has filed an appeal with the Taxation Tribunal and is advised that the demand is not in accordance with law. No provision, therefore, has been made in accounts in respect thereof.
[2] This includes amount standing against purchase of traded goods amounting to ₹ 59.90 million against capital goods amounting to nil as at June 30, 2014.

For further details, see the notes to our restated financial information under "***Financial Information***" on page 166.

LITIGATION INVOLVING OUR COMPANY

Litigation against our Company

There are 88 indirect tax proceedings against our Company, involving an aggregate approximare amount of ₹ 33.82 million. If any of the outstanding litigation, as described below involving the Company, is adversely decided against our Company, it may have a material adverse effect on our business and results of operations of our Company. For further details on the impact of outstanding litigation, defaults, etc. on the financial performance of our Company, see "***Risk Factors – 28. There is outstanding litigation involving our Company, the Promoters, the Directors and the Group Companies, which, if determined adversely, may affect their business and operations and our reputation***" on page 23.

A. Indirect Tax Proceedings

1. Pursuant to seizure of a consignment (S/Case No. 234/09-10/KGPR) of apparel dispatched to Jamshedpur, the Sales Tax Officer, Office of the Joint Commissioner, Kharagpur Range, Midnapore issued a penalty order dated November 8, 2011 and a demand notice dated November 9, 2009 imposing a penalty of ₹ 0.23 million, which our Company deposited. Our Company filed a revision (No. R-176(S)/09-10/KGPR/JC) before the Joint Commissioner of Sales Tax, Midnapore Circle, challenging the demand, who, by an order dated July 16, 2010 confirmed the imposition of penalty. Our Company filed an application (VAT case no. 1682 of 2010-11) dated September 6, 2010 before the West Bengal Commercial Taxes Appellate and Revisional Board, Kolkata challenging the order dated July 16, 2010, and thereafter, withdrew the application, by an order dated September 11, 2013 of the West Bengal Commercial Taxes Appellate and Revisional Board, Kolkata. Our Company filed a revision petition (R.N. 140 of 2014) before the West Bengal Taxation Tribunal, Kolkata, seeking to quash the order dated July 16, 2010 and for restraining the sales tax authorities from giving effect to the order.

2. The Deputy Commissioner, Sales Tax, Ballygunge Charge, Kolkata by assessment orders dated December 3, 2010 and demand notices (No. 2008-2009/39/06/C/39 and No. 2008-09/39/06/V/43) dated August 5, 2013 imposed a demand of sales tax amounting to ₹ 0.41 million and value added tax amounting to ₹ 2.51 million, payable for the assessment period of April 1, 2008 to March 31, 2009, under Central Sales Tax, 1956 and West Bengal Value Added Tax Act, 2003. Our Company filed appeals (No. 259/B/BG/11-12 and No. 258/B/BG/11-12) dated August 4, 2011, pursuant to which the Joint Commissioner, Commercial Taxes, South Circle, through an order dated August 2, 2012, modified the assessment order and the Deputy Commissioner, Sales Tax, Ballygunge Charge, Kolkata, through demand notices (No. 222(F) 13-14 and No. 221(F)13-14) dated May 8, 2013 imposed a modified demand of sales tax amounting to ₹ 0.07 million and value added tax amounting to ₹ 0.42 million. Our Company, through letters dated May 21, 2013 sought for correction in the demand amounts, pursuant to which the Deputy Commissioner, Sales Tax, Ballyguge Charge, Kolkata issued demand notices dated August 5, 2013, imposing a modified demand of sales tax amounting to ₹ 0.02 million and value added tax amounting to ₹ 0.13 million. The Company, by letters dated September 18, 2013 has requested the Deputy Commissioner of Commercial Taxes to revise its orders and to drop the demand, alleging that the tax amounts have already been deposited and consequently the interest charged does not arise.

3. The Deputy Commissioner, Sales Tax, Ballygunge Charge, Kolkata, by an assessment order dated March 5, 2012 and demand notices (No. 2009/2010/39/06/C/58 and No. 2009/2010/39/06/V/62) dated July 19, 2012, imposed a demand of sales tax amounting to ₹ 0.33 million and value added tax amounting to ₹ 0.53 million payable for the assessment period of April 1, 2009 to March 31, 2010, under Central Sales Tax, 1956 and West Bengal Value Added Tax Act, 2003. Our Company filed appeals (No. A-450/A/BG/12-13 and No. A-451/A/BG/12-13) dated September 7, 2012, pursuant to which the Senior Joint Commissioner of Sales Tax, through an order dated September 17, 2013, modified the assessment order and the Sales Tax Officer, Ballygunge Charge, Kolkata, through demand notices (No. 579(F)13-14 and No. 578(F)13-14) dated November 19, 2013, imposed a modified demand of sales tax amounting to ₹ 0.12 million and value added tax amounting to ₹ 0.06 million. Our Company filed two revision petitions dated January 9, 2014, before the Joint Commissioner of Commercial Taxes, South Circle, Kolkata.

4. Our Company filed 83 appeals before the Commissioner (Appeals), Customs and Excise, Chandigarh, seeking to set aside the demand of countervailing duty of ₹ 33.26 million in aggregate, charged on various bills of entry issued by the Assessing Authority of Customs, Ludhiana, on import of blankets from China. Our Company has alleged that the blankets imported are exempt from the levy of excise duty pursuant to Notification 30/2004-CE issued by the GoI, and accordingly, as countervailing duty is calculated on the basis of excise duty applicable to goods produced or manufactured in India, such

countervailing duty is not applicable to the import of blankets. Our Company has deposited the demand under protest.

Litigation by our Company

A. Criminal Cases

1. Our Company filed a criminal complaint (No. COMA/25313/2012) before the Judicial Magistrate First Class, Court of Illaqa Judicial Magistrate, Ludhiana, against Fashion Hut and its proprietor under section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheque amounting to ₹ 0.05 million, for non-payment for materials supplied.

2. Our Company filed a criminal complaint (No. COMA/25304/2012) before the Judicial Magistrate First Class, Court of Illaqa Judicial Magistrate, Ludhiana, against Fashion Hut and its proprietor under section 138 of the Negotiable Instruments Act, 1881,for dishonour of cheque amounting to ₹ 0.35 million, for non-payment for materials supplied.

3. Our Company filed a criminal complaint (No. Cr. 1540/2/25.10.11) before the Illaqa Judicial Magistrate, Ludhiana, against Rang Super Shopping Private Limited and others under section 138 of the Negotiable Instruments Act, 1881,for dishonour of cheque amounting to ₹ 0.25 million, for non-payment for materials supplied.

4. Our Company filed a criminal complaint (No. COMA/04322/2013) before the Court of the Illaqa Judicial Magistrate, Ludhiana against Prem Collections, Gorakhpur and others, under Section 138 of the Negotiable Instruments Act, 1881, as amended, for dihonour of cheque amounting to ₹ 1.00 million, for non-payment for materials supplied.

LITIGATION INVOLVING OUR PROMOTERS

A. Litigation against Mr. Jawahar Lal Oswal

1. The Assistant Commissioner of Income Tax ("**CIT**"), through an assessment order dated February 28, 1997, imposed an additional demand of ₹ 9.59 million, for the assessment year 1994-95, by making additions under Section 69A of the Income Tax Act. He filed an appeal (No. 13/IT/97-98) before the CIT (Appeals) ("**CIT(A)**"), Ludhiana who, by an order dated December 19, 1997, partly allowed the appeal. The income tax department and Mr. Jawahar Lal Oswal filed appeals (ITA No. 74/Chandi/98 Asstt. Year. 1994-95 and ITA No. 262/Chandi/98 Asstt. Year 1994-95) before the Income Tax Appellate Tribunal ("**ITAT**"), Chandigarh, which, by a common order dated January 29, 1999, allowed the appeal filed by Mr. Jawahar Lal Oswal and dismissed the appeal filed by the income tax department. The income tax department filed an appeal (ITA No. 49 of 1999) before the Punjab and Haryana High Court.

2. The Gift Tax Officer, through a notice dated December 12, 1995, imposed a demand of ₹ 5.13 million, by making an addition of ₹ 12.42 million. He filed an appeal (No. 2/GT/97-98) before the CIT(A)(C), Ludhiana, who by an order dated February 25, 1999, allowed the appeal. The income tax department filed an appeal (GTA No. 5/Chandi/99 Assessment year 1994-95) before the ITAT, which by an order dated March 19, 2004 dismissed the appeal. The income tax department filed an appeal (GTA no. 5 of 1999) before the Punjab and Haryana High Court challenging the order dated March 19, 2004.

B. Litigation against Mr. Kamal Oswal

1. The Assistant CIT, Circle, VII, Ludhiana, through an order dated February 7, 2014, imposed an additional demand of ₹ 10,660 on disallowance under sections 94(7) and 14 A of the Income Tax Act. He filed an appeal dated March 10, 2014 claiming that Section 14A of the Income Tax Act and Rule 8 of the Income Tax Rules, 1962 are inapplicable in the case. Further, he challenged the disallowance of carry forward of long term capital loss.

C. Litigation against Ms. Monica Oswal

1. The Assistant CIT, through an assessment order dated March 21, 1997, imposed an additional demand of ₹ 5.46 million, inclusive of interest, under section 68 of the Income Tax Act on protective basis. She filed an appeal (No. 35/IT/97-98) before the CIT(A), Ludhiana, who, by an order dated December 18, 1997, allowed the appeal. The income tax department filed an appeal (ITA No. 260/Chandi/98 Asstt. Year 1994-95) before the ITAT, Chandigarh, which, by a common order dated January 29, 1999, dismissed the appeal. The income tax department filed an appeal (ITA No. 48 of 1999) before the Punjab and Haryana High Court against the order dated January 29, 1999.

D. Litigation against Ms. Ruchika Oswal

1. The Assistant CIT, through an assessment order dated March 21, 1997, imposed an additional demand of ₹ 5.50 million, inclusive of interest, under section 68 of the Income Tax Act on protective basis. She filed an appeal (No. 34/IT/97-98) before the CIT(A), Ludhiana, who, by an order dated December 18, 1997, allowed the appeal. The income tax department filed an appeal (ITA No. 261/Chandi/98 Asstt. Year 1994-95) before the ITAT, Chandigarh, which, by an order dated January 29, 1999 dismissed the appeal. The income tax department filed an appeal (ITA No. 149 of 1999) before the Punjab and Haryana High Court against the order dated January 29, 1999.

LITIGATION INVOLVING OUR GROUP COMPANIES

I. Litigation involving Nahar Spinning Mills Limited ("NSML")

Litigation against NSML

A. Notices from Statutory Authorities

There are nine show-cause-cum-demand notices received by NSML from various tax authorities, involving an approximate aggregate ascertainable claim of ₹ 27.22 million, primarily in relation to exemption claimed on service tax payment, rebate and refund claims, and short deposit of service tax. Details of the material show cause notices are set forth below:

1. The Additional. Commissioner, Central Excise Commissionerate, Chandigarh issued a show cause notice (No. V(52&55)adc(p&v)/Adj/SNG/51/Chd-II/09/3194) dated August 11, 2009, alleging that the rebate claim of ₹ 22.42 million was erroneously granted to the Company.

B. Income Tax Proceedings

There are 15 income tax cases against NSML, involving an aggregate demand of ₹ 181.31 million, the details of which are set forth below.

1. The Assistant CIT, Circle VII, Ludhiana through an assessment order dated March 27, 2013, imposed an additional demand of ₹ 29.41 million, for the assessment year 2011-12, disallowing various expenses, including, depreciation and capitalization of interest. NSML filed an appeal (No.151/IT/CIT(A)-II, Ldh/2014-15, Asstt. Year 2011-12) dated April 21, 2014 before CIT(A) II, Ludhiana challenging the assessment order.

2. The Additional CIT, Range VII, Ludhiana through an assessment order dated March 16, 2013, imposed an additional demand of ₹ 2.82 million, for the assessment year 2010-11, disallowing various expenses, including, festival expenses, guest house related expenses and depreciation. NSML field an appeal (No. 79/IT/CIT(A)-II) dated April 16,.2013 before CIT(A) II, Ludhiana challenging the assessment order and the CIT(A) has partly allowed the appeal .

3. The Deputy CIT, Circle VII, Ludhiana through an assessment order dated December 5. 2011 reduced the amount of loss made by NSML for the assessment year 2009-10 from ₹ 409.86 million to ₹ 408.47 million disallowing various expenses including, guest house related expenses, excess depreciation and building repair expenses. NSML filed an appeal (No. 274/CIT(A)-II/LDH/2011-12) dated December 27, 2011 before the CIT(A) II, Ludhiana challenging the assessment order and the CIT(A) II, Ludhiana, has allowed the appeal.

4. The Additional CIT, Range VII, Ludhiana through an assessment order dated January 21, 2008 imposed an additional demand of ₹ 0.75 million, for the assessment year 2006-07, disallowing various expenses, including, guest house related expenses and no-objection fees to Punjab State Electricity Board. NSML filed an appeal (No. 453/IT/CIT(A)-II/LDH/07-08) dated February 15, 2008 before the CIT (A) II, Ludhiana, who partly allowed NSML's claim by an order dated January 15, 2009. NSML filed an appeal before the ITAT, Chandigarh (ITA No.145/Chandi/2009), which was disposed of by an order dated September 23, 2009. NSML then filed an appeal (No. 453/IT/CIT(A)-II/LDH/07-08) dated March 02, 2010 before the Punjab and Haryana High Court.

5. The Assistant CIT (OSD), R VII, Ludhiana through an assessment order dated March 27, 2006 imposed an additional demand of ₹ 18.87 million, for the assessment year 2004-2005, disallowing various expenses, including, disputed electricity demand and reduction of relief on profits of exports. NSML filed an appeal (No. 50/CIT (A)-II/Ldh/06-07), dated April 21, 2006 before CIT (A) II, Ludhiana, who partly allowed NSML's appeal by an order dated August 30, 2006. The income tax department filed an appeal (ITA No. 818/Chandi/2006), November 15, 2006 challenging order and NSML filed a cross objection (Co. No. 1/Chandi/2007), dated January 4, 2007 before the ITAT, Chandigarh. By orders dated June 7, 2007 and January 11, 2008, the ITAT, Chandigarh partly allowed the appeal and cross objection, respectively. NSML then filed an appeal (No. 338 of 2008), dated April 02, 2008 before the Punjab and Haryana High Court.

6. The Assistant CIT, CC V, Ludhiana through an order dated April 30, 2004 imposed an additional demand of ₹ 12.13 million, for the assessment year 2002-03, disallowing various expenses, including reduction of relief on profits from exports. NSML filed an appeal (No. ROT/12/94/IT/CIT(A)-I/Ldh/04-05) on June 02, 2004 before the CIT (A) I, Ludhiana, who by an order dated October 5, 2006 partly allowed NSML's appeal. NSML and the income tax department filed appeals (No. 46/Chd/2007, dated January 04, 2007 and No. 6/chd/2007 dated December 27, 2006, respectively) before the ITAT, Chandigarh, challenging the order dated October 5, 2006. By orders dated July 12, 2007 and July 18, 2007, respectively, the ITAT, Chandigarh partly allowed both appeal. The income tax department filed two appeals (Nos. 174 of 2008 and 625 of 2010) dated November 26, 2007 and June 24, 2010, respectively, before the Punjab and Haryana High Court.

7. The Assistant CIT, Central Circle V, Ludhiana through an assessment order dated May 9, 2003 imposed an additional demand of ₹ 18.81 million, for the assessment year 2001-2002, disallowing various expenses, including, miscellaneous fees paid to the pollution control department and relief on profits from exports. NSML filed an appeal (No. 103/IT/CIT(A)-I/03-04), dated June 06, 2003 before the CIT(A) I, Ludhiana, who by an order dated February 22, 2005, partly allowed NSML's appeal. The income tax department filed an appeal (No. 595/Chandi/2005) against the order dated February 22, 2005 and NSML filed a cross objection (No.111/Chd/2005), before the ITAT, Chandigarh, who by an order dated September 14, 2007 partly allowed the appeals. Both NSML and the income tax department filed appeals (Nos. 69 of 2008 and No. 614 of 2008), respectively, before the Punjab and Haryana High Court.

8. The Assistant CIT, CC V, Ludhiana through an assessment order dated July 30, 2002, imposed an additional demand of ₹ 8.58 million, for the assessment year 2000-2001, disallowing various expenses, including, reduction of relief on profits from exports. NSML filed an appeal (No. 110/IT/2002-03) dated February 24, 2002 before the CIT(A) I, Ludhiana, who by an order dated February 24, 2003, partly allowed the appeal. NSML and the income tax department filed cross appeals (CO No. 17/Chandi/2003 and No. 523 & 294/ Chandi/2003), before the ITAT, Chandigarh, which, by orders dated August 30, 2005 and August 30, 2005, respectively, partly allowed appeal no. 294/Chandi/2003 and dismissed appeal no, 523/Chandi/2003. NSML and the income tax department filed appeals (No. 54 of 2006 and No. 98 of 2008), dated November 23, 2005 and August 22, 2007, respectively, before the Punjab and Haryana High Court.

9. The Assistant CIT, CC V, Ludhiana, through an assessment order dated March 28, 2002, imposed an additional demand of ₹ 19.46 million, for the assessment year 1999-2000, disallowing various expenses, including, reduction of relief on profits from exports. NSML filed an appeal (No. 4/IT/2002-03), dated April 04, 2002, before the CIT(A) I, Ludhiana, who by an order dated August 26, 2008, partly allowed the appeal. NSML and the income tax department filed cross appeals (CO No. I/Chd/2003 and No. 750/Chd/2002), respectively, before the ITAT, Chandigarh, which, by orders dated

August 30, 2005 and August 12, 2005 respectively, partly allowed the appeals. NSML filed appeals dated December 2, 2005 before the Punjab and Haryana High Court.

10. The Deputy CIT, Central Circle V, Ludhiana through an assessment order dated November 7, 2000, imposed an additional demand of ₹ 34.52 million, for the assessment year 1998-99, disallowing various expenses, including, expenses incurred on repair of machinery and reduction of relief on profits from exports. NSML filed an appeal (No. 60/IT/2000-2001) dated December 6, 2000 before the CIT(A)(C), Ludhiana, who by an order dated May 14, 2001, partly allowed the appeal. NSML (No. 798/Chd/2001) and the income tax department filed appeals before the ITAT, Chandigarh, which, by an order dated November 29, 2005, partly allowed the appeals. The income tax department filed an appeal (No. 427 of 2006), before the Punjab and Haryana High Court. The Punjab and Haryana High Court, by an order dated May 2, 2007, remanded the case to the ITAT, Chandigarh. NSML filed an appeal (No. 348 of 2008) before the High Court v of Punjab and Haryana against the order of the ITAT passed, in respect of the case remanded by the Punjab and Haryana High Court, by order dated November 5, 2007 in ITA No.798/Chand/2001.

11. The Deputy CIT, CC V, Ludhiana, through an order dated January 18, 2000, imposed an additional demand of ₹ 22.03 million, for the assessment year 1997-98, disallowing various expenses, including reduction of relief on profits from exports. NSML filed an appeal (No. 120/IT/1999-2000) dated February 14, 2000 before the CIT(A)(C), Ludhiana, who, by an order dated June 9, 2000, partly allowed the appeal. Cross appeals were filed by NSML (No. ITA 698/Chd/2000) and the income tax department (No. 428 of 2006), respectively, before the ITAT, Chandigarh, who by orders dated October 27, 2005 and November 29, 2005, respectively, allowed NSML's claim. The income tax department filed appeals (No. 428 of 2006 and ITA No.201 of 2007) dated June 02, 2006, before the Punjab and Haryana High Court.

12. The Assistant CIT, CC V, Ludhiana, through an order dated March 17, 1998, imposed an additional demand of ₹ 4.84 million, for the assessment year 1995-96, disallowing various expenses, including club expenses, capital enhancement fees and reduction of relief on profits from exports. NSML filed an appeal (No. 29/IT/98-99), dated August 24, 1998 before the CIT (A)(C), Ludhiana, who, by order dated August 24, 1998, partly allowed the appeal. Cross appeals were filed by NSML (No. 1026/Chandi/1998) and the income tax department (No. 1181/Chd/1998), respectively, before the ITAT, Chandigarh, which, by an order dated April 29, 2005 partly allowed NSML's claim. The income tax department filed an appeal (No. 426 of 2006), dated June 2, 2006 before the Punjab and Haryana High Court.

13. The Assistant CIT, CC (V), Ludhiana, through an order dated March 18, 1995, imposed an additional demand of ₹ 8.06 million, for the assessment year 1993-94, disallowing various expenses, including entertainment expenses, pre-operative expenses and reduction of relief on profits of exports. NSML filed appeal (No. 2/IT/95-96/CIT (A)(C)/Ldh), dated April 3, 1995 before the CIT(A)(C), Ludhiana, who, by an order dated November 13, 1995, partly allowed the appeal. Cross appeals were filed by NSML (No. 5/Chd/1996) and the income tax department (No. 749/Chd/2002), respectively, before the ITAT, Chandigarh, which by orders dated May 31, 2005 partly allowed the appeals. NSML and income tax department filed appeals (No. 500 of 2005 and No. 464 of 2006) before the Punjab and Haryana High Court.

14. The Assistant CIT, CC (V), Ludhiana, through an order dated August 25, 1995, imposed additional demand of ₹ 0.31 million, for the assessment year 1989-90, disallowing donation and reduction of relief on profits of exports. NSML filed an appeal (No.60/IT/92-93/ CIT (A) (C)/Ldh), dated September 29, 1992 before the CIT (A)(C), Ludhiana, who by an order dated March 23, 1995 set aside the assessment order. The Assistant CIT re-assessed the income and created an additional demand and interest of ₹ 3.74 million. NSML filed an appeal (CO No.56/Chd/93), before the CIT(A)(C), Ludhiana, who, by an order, partly allowed the appeal. Cross appeals were filed by NSML and the income tax department (No. 191/Chd/93) before the ITAT, Chandigarh, which by orders dated June 28, 2001, September 5, 2001 and June 3, 2003 partly allowed NSML's and the income tax department's claims. NSML filed appeals (No.63 of 2002), dated January 4, 2002 and July 4, 2002 before the Punjab and Haryana High Court.

C. Other Taxes and Statutory Charges

There are 183 proceedings related to tax and statutory charges, involving NSML involving an aggregate ascertainable amount of approximately ₹ 491.46 million, primarily relating to excise, sales tax, service tax, cenvat credit, claims for rebate and refund. Details of the material proceedings are set forth below:

1. The Commissioner, Central Excise, Rishi Nagar, Ludhiana issued a show cause notice (No. V(52&55)Commr.Adj/14/2010 /13758) for clearance of waste without payment of duty. NSML filed a reply dated July 5, 2010 to the show cause notice. The Commissioner issued an order in original (No. 17/Ldh/2011) dated July 14, 2011, confirming a demand of ₹ 45.48 million along with penalty for the same amount and the interest. NSML filed an appeal (No. E/2451/2011-EX[DB]) before the Customs Excise and Service Tax Appellate Tribunal ("**CESTAT**"). The CESTAT by an order (No. A/521/2012-ER (BR)) dated April 4, 2012 set aside the order of the Commissioner and remanded the matter back for fresh adjudication in terms of the directions of this order.

2. NSML filed a civil suit (No. 1670/2007) before the High Court of Jabalpur against the levy of electricity charges aggregating to ₹ 321.25 million by Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited ("**MPMKVV**"). NSML also deposited ₹ 56.19 million with MPMKVV and furnished a bank guarantee for ₹ 166.25 million. The High Court of Jabalpur through an order dated December 16, 2009 directed that NSML be granted permission to set up captive power plant of 4.1 MW capacity, MPMKVV to re-determine the tariff/minimum charges on the basis of reduced contract demand and raise bills, if any, and that any arrears owed by NSML be recovered from the security deposit. The High Court also directed MPMKVV to issue correct electricity bills of the period after August 1, 1999, on the basis of reduced contract demand and settle accounts with NSML within six months. MPMKVV filed a special leave petition before the Supreme Court against the order dated December 16, 2009.

D. Labour Proceedings

There are 10 labour proceedings pending before the labour department for conciliation involving NSML. The aggregate amount involved in these cases is ₹ 0.04 million. There is one also one case pending before the Motor Accident Claims Tribunal, Ludhiana against NSML in respect of an accident by a driver employed by NSML, resulting in death of a person. The compensation and expenses claimed in the case is ₹ 1.1 million.

Litigation by NSML

A. Civil Suits

There are three civil suits filed by NSML before various courts and fora in India, involving an aggregate amount of approximately ₹ 3.52 million. These suits primarily relate to recovery of money.

II. Litigation involving Nahar Industrial Enterprises Limited ("NIEL")

Litigation against NIEL

A. Income Tax Proceedings

There are four income tax cases against NIEL, involving an aggregate demand of ₹ 176.85 million, the details of which are set forth below.

1. The Additional CIT, Range VII, Ludhiana through an assessment order dated March 21, 2014 decided the assessment at ₹ 545.97 million, for the assessment year 2011-12, after disallowing the expenses, including foreign exchange hedging loss, interest capitalized, penalty and reduction in depreciation, and raised an additional demand of ₹ 120.49 million. NIEL filed an appeal (No. IT/CIT(A)-II/LDH2014) before the CIT (A) II, Ludhiana.

2. The Assistant CIT, Circle VII, Ludhiana through an order dated March 15, 2013 decided the assessment at ₹ 358.16 million, for the assessment year 2010-11, after disallowing expenses, including gifts to business associates, club expenses, reduction in claim of depreciation and on account of Labour Welfare Fund, and imposed an additional demand of ₹ 55.20 million. NIEL filed an appeal (No. 78/IT/CIT(A)-II/LDH/2013-14) dated April 16, 2013 before the CIT (A) II, who, disposed of the appeal by an order dated February 19, 2014.

3. The Deputy CIT, Circle VII, Ludhiana by an order dated December 30, 2011 decided the assessment at ₹ 238.12 million, for the assessment year 2009-10, after adjustment of set off against carried forward business loss and/or depreciation loss of ₹ 28.57 million. The disallowance was on various accounts, including, repurchase of foreign currency convertible bonds and club expenses, and the Deputy CIT raised an additional demand of ₹ 0.35 million. NIEL filed an appeal (No. 413/IT/CIT(A)-I/LDH/2011-12) dated January 18, 2012, before the CIT(A) I, Ludhiana, which, by an order dated September 20, 2013, partly allowed NIEL's claim. Further NIEL filed an appeal (No. 1125/Chandi/2013) before the ITAT, Chandigarh.

4. The Deputy CIT, Range VII, Ludhiana through an order dated December 23, 2010 imposed an additional demand of ₹ 0.81 million, for the assessment year 2008-09, disallowing various expenses, including club expenses. NIEL filed an appeal (No. 372/IT/CIT(A)-II) dated January 18, 2011, before the CIT (A) II, Ludhiana, against the assessment order, who, by an order dated June 1, 2012, partly allowed NIEL's claim. NIEL filed an appeal (No. 897/Chandi/2012), before the ITAT Chandigarh. and the ITAT Chandigarh, by an order dated November 7, 2014, partly allowed the appeal in favour of NIEL

B. Civil Suits

There are 22 civil suits filed against NIEL before various fora, involving an aggregate amount of approximately ₹ 284.18 million and US$ 0.37 million, relating primarily to recovery of money and disputes arising from agreements Details of material civil suits are set forth below:

1. NIEL has filed a civil suit (No 916/1993) on September 3, 1993, before the District Court, Ludhiana, seeking, among others, a decree of mandatory injunction directing American President Lines Limited ("**APL**") to dispatch the goods from Bombay Port to ICD terminal, Ludhiana, as per the agreement of shipment with Mohammad and Nassari Company W.L.L., Kuwait, ("**MNC**"), a direction that the transport charges be paid after the receipt of goods and a direction to Bharat International Private Limited (an Indian agent of MNC) for the shipment of 2000 MT heavy melting scrap C & F to Ludhiana. The District Court, Ludhiana by an order dated May 16, 2000, dismissed the suit. NIEL filed an appeal before the District Judge, Ludhiana, which was dismissed by the District Judge through its order dated September 27, 2001. NIEL filed an appeal (No. RSA/492 of 2002) before the Punjab and Haryana High Court against the order dated September 27, 2001.

   APL filed a recovery suit (No. 270/1995) before the Bombay High Court, against NIEL for an aggregate amount of US$ 371,085 being the arrears of container detention charges together with interest. APL also filed a suit (No. 3610/2003) before the Bombay High Court, against the Board of Trustees of the Port of Bombay, a corporation constituted under the Bombay Port Trust Act and NIEL for a decree directing the Bombay Port Trust to pay an aggregate amount of ₹ 10.41 million together with interest.

   The Bombay Port Trust, filed a suit (No. 1951/2004), before the Bombay High Court against APL, NIEL and others for an order and decree directing the payment (jointly and severally) of an aggregate amount of ₹ 5.67 million, comprising of the outstanding ground rent charges along with interest, as well as ground rent charges in respect of four containers at the rate of US$ 2.50 per day per container along with interest. The Bombay Port Trust, also filed a suit (No. 4/2006) before the Bombay High Court, against NIEL and others, for a decree directing the payment of an aggregate amount of ₹ 164.21 million, being the outstanding amount for trust charges on account of deficit in sale of cargo or consignment, along with interest.

2. MSTC Limited filed a civil suit (No. CS/2574) before the Delhi High Court, against NIEL, for the recovery of ₹ 10.08 million along and sought for a direction against NIEL, restraining it from creating any third party interest in respect of immovable properties situated at Focal Point, Ludhiana and 514, Civil Lines, Ludhiana. The Delhi High Court through an interim order dated November 25, 1999, directed that NIEL be restrained from creating any such interest. MSTC Limited filed an application September 18, 2013 for violation of the order by NIEL, which was subsequently disposed by the Delhi High Court with a direction to NIEL to furnish a bank guarantee of ₹ 43.50 million.

3. Swastik Coal Corporation Private Limited filed a recovery suit (No. 01-B/2012) dated December 4, 2012 for ₹ 15.45 million, before the District Judge, Indore against NIESL, to recover the amount deducted by NIEL due to quality related issues.

4. Piccadilly Sugar & Allied Industries Limited, filed a company petition (No. 85/2014) under sections 433, 434 and 439 of the Companies Act 1956 before the Punjab and Haryana High Court for the winding up of NIEL on account of recovery of ₹ 0.50 million.

5. Sareen Nayyar Builder, Chandigarh filed a company petition (No. CP/35/2002 of 2002) under sections 433, 434 and 439 of the Companies Act 1956 before the Punjab and Haryana High Court for the winding up of NIEL on account of pending claims against NIEL of ₹ 3.92 million.

C. Notices from Statutory Authorities

There are 27 show-cause-cum-demand notices received by NIEL from various tax authorities, involving an approximate aggregate ascertainable amount of ₹ 82.67 million, primarily in relation to cenvat credit, exemption claimed on service tax payment, rebate and refund claims, and short deposit of service tax.

1. NIEL has received three show cause notice dated March 9, 2010, February 3, 2011 and May 30, 2011, respectively from the Commissioner Central Excise, Chandigarh stating therein that as per sub rule 4 of rule 6 of CENVAT Rules, CENVAT Credit shall be allowed only on capital goods which are used exclusively in the manufacture of exempted goods or in providing exempted services, and has therefore raised a demand of ₹ 30.33 million, ₹ 15.99 million and ₹ 10.39 million, respectively.

2. NIEL has filed a claim for rebate on June 6, 2013, with the Joint Secretary, New Delhi on clearance of export goods for an amount of ₹ 7.36 million.

D. Other Taxes and Statutory Charges

There are 20 proceedings related to tax and statutory charges, involving NIEL involving an aggregate ascertainable amount of approximately ₹ 52.81 million, primarily relating to excise, service tax, cenvat credit, electricity charges, claims for rebate and refund. Details of material other tax proceedings are set forth below:

1. The Office of the Commissioner of the Central Excise, Chandigarh issued a show cause notice (No. SCN NO. V(52)ADC/ADJ/CHD/38/08/6623) dated August 20, 2008, asking NIEL to show cause as to why an amount of ₹ 8.20 million erroneously sanctioned as rebate in cash should not be recovered from them. The demand was confirmed for recovery of rebate claims sanctioned in cash against excise duty paid on exports through an order in original (No. 43/CE/RJ/2008). NIEL filed an appeal with Commissioner (Appeals), who by an order dated February 16, 2010 confirmed the order. On appeal, CESTAT through an order dated April 1, 2011, dismissed the appeal. NIEL filed revision application with the Joint Secretary (Revisionary Authority), New Delhi on July 15, 2011 and a writ petition before the High Court which by an order directed the Revisionary Authority to decide the matter within two months. The Revisionary Authority has remanded back to the Commissioner of the Central Excise, Chandigarh through an April 01, 2013.

E. Land Proceedings

There are 10 proceedings related to enhanced compensation for land acquisition, against NIEL. The aggregate amount involved is not ascertainable.

Litigation by NIEL

A. Criminal Proceedings

There are 139 criminal complaints filed by NIEL before various courts and fora, under section 138 of the Negotiable Instruments Act, 1881, on account of dishonoured cheques, involving an aggregate amount of approximately ₹ 124.71 million.

B. Consumer Proceedings

There is one consumer proceedings filed by NIEL before the district forum, involving an aggregate amount of approximately ₹ 0.02 million, relating primarily to insurance claim.

C. Civil Suits

There are 9 civil suits filed by NIEL before various fora, involving an aggregate amount of approximately ₹ 107.31 million, relating primarily to recovery of money and disputes arising from agreements. Details of the material civil suits are set forth below:

1. NIEL filed a civil suit (No. 60/2008) against HDFC Bank Limited, before the Civil Judge, Ludhiana, for declaration and permanent injunction with a prayer for declaration that the ISDA master agreement dated January 18, 2007 and the derivative transactions dated June 19, 2007 and July 26, 2007 is illegal, null and void, and violative of FEMA and RBI directives/circulars and not enforceable against NIEL. NIEL filed a civil suit (No. 312/2010 of 2010) against HDFC Bank Limited, before the Civil Judge, Ludhiana for declaration that derivative transactions dated September 5, 2007 and October 23, 2007 were illegal, null and void and for a decree of recovery of an aggregate amount of ₹ 5.56 million with interest.

   HDFC Bank Limited filed a company petition (No. 70/20130 before the Punjab and Haryana High Court under sections 433 E, 434 and 439 of the Companies Act 1956 for the winding up of NIEL. HDFC Bank Limited has also filed an application (O.A. No. 359 of 2008) against NIEL before the Debt Recovery Tribunal-III, Mumbai on December 15, 2008 for the recovery of a claim of ₹ 22.50 million.

2. NIEL filed a civil suit (No. CS/108 of 2008) against HSBC Limited, before the Civil Judge, Ludhiana, for declaration and permanent injunction with a prayer for declaration that the two derivatives transactions and the ISDA master agreement dated October 13, 2006 and supplements thereto as confirmed on July 26, 2007, are illegal, null and void, and violative of FEMA and RBI directives/circulars and not enforceable against NIEL. The Civil Judge, Ludhiana by an order dated April 5, 2008, directed that both the parties maintain the status quo of the agreements. NIEL filed an application (Misc. No. 46/2011) on May 28, 2008, against HSBC Limited for violation of the status quo order due to termination of the agreements. NIEL also filed civil suit (No. 444/2009) for declaration and permanent injunction, declaring that the ISDA Master Agreement and supplements thereto, interests swap contract are illegal and void and voidable at the instance of NIEL, ultravires the memorandum and articles of association of NIEL, are not effectively authorised by the Board of Directors of NIEL and therefore not binding upon NIEL.

   HSBC Limited has filed applications (O.A. No. 14 of 2010 and O.A. No. 15 of 2010) before the Debt Recovery Tribunal-1, Mumbai on April 24, 2008 for recovery of a claim of ₹ 22.50 million and ₹ 73.99 million, respectively. NIEL filed appeals (No. 227 /2012 and No. 228/2012) before the Debt Recovery Appellate Tribunal, Mumbai against the applications.

3. NIEL filed a petition (No. CP/24/2013) before the Company Law Board, against Lignite Power Private Limited ("**Lignite**"), for quashing the resolution passed by the shareholders of Lignite in relation to conversion of cumulative preference shares held by NIEL in VSMP Lignite Power Private Limited ("**VLPPL**"), and sale of assets of the captive generating power plant of VLPPL. The Company Law Board passed an order dated August 5, 2013 allowing the conversion of the cumulative preference shares and staying the sale of assets. NIEL filed an appeal (No. 19 of 2013) before the High Court of Andhra Pradesh against the order dated August 5, 2013. The High Court of Andhra Pradesh by an order restrained the transfer of the shares and remanded the case back to the Company Law Board.

   VLPPL filed an application (No. 616 of 2013) under section 34 of the Arbitration Act, before the District Judge, Jaipur, against NIEL contesting the arbitral award dated June 14, 2012 by which the District Judge, Jaipur had passed an arbitral award in NIEL's favour in relation to the alleged wrongful levy of tariff by VLPPL. The District Judge by an order dated March 16, 2013 dismissed the application. Lignite filed an appeal section 37 of the Arbitration Act (No. 616/2012) before the Jaipur High Court challenging the order dated March 16, 2013.

NIEL also filed a writ petition (No. 3766/2013) before the Jodhpur High Court, for restraining the discom JVVNL Limited from charging electricity duty and water cess on the monthly energy bills in respect of power drawn from VLPPL of an amount of ₹ 48.80 million.

III. Litigation involving Nahar Capital and Financial Services Limited ("NCFSL")

Litigation against NCFSL

A. Income Tax Proceedings

There are four income tax cases against NCFSL, involving an aggregate demand of ₹ 10.39 million, the details of which are set forth below:

1. The Assistant CIT, Range VII, Ludhiana through an assessment order dated February 7, 2014, imposed an additional demand of ₹ 2.25 million, for the assessment year 2011-12, disallowing various expenses. NCFSL filed an appeal (No. 405/IT/CIT(A)-II, Ldh) dated March 7, 2014, before the CIT (A) II, Ludhiana. The CIT(A) II, Ludhiana has by an order decided the appeal in favour of NCFSL.

2. The Assistant CIT, Range VII, through an assessment order dated February 8, 2013, imposed an additional demand of ₹ 2.26 million, for the assessment year 2010-11, disallowing various expenses. NCFSL field an appeal (295/IT/CIT(A)-II Ldh/2012-13) dated February 28, 2013, before the CIT(A) II, Ludhiana, who by an order dated June 23, 2013, partially allowed the appeal. The income tax department filed an appeal (No. ITA/870/Chandi/2013) before the ITAT, Chandigarh and the ITAT, Chandigarh, allowed the appeal.

3. The Additional CIT, Range VII, Ludhiana, through an assessment order dated October 4, 2010, imposed an additional demand of ₹ 1.74 million, for the assessment year 2008-09, disallowing various expenses, including, demerger expenses. NCFSL filed an appeal (No.153/IT/CIT(A)-II/2010-11) dated October 28,2010, before the CIT (A) II, Ludhiana, who, by an order dated September 15, 2011, dismissed the appeal. NCFSL filed an appeal (No.1120/CHD/2011) before the ITAT, Chandigarh, which, by an order dated February 27, 2012 allowed the appeal of the assessee. Further, the income tax department filed an appeal (ITA No. 94 of 2013) before Punjab and Haryana High Court.

Litigation against NCFSL

A. Criminal Proceedings

There is one criminal complaint filed by NCFSL before the Civil Judge (Junior Division) cum Judicial Magistrate (First Class), Ludhiana, under Section 138 of the Negotiable Instruments Act, 1881, on account of a dishonoured cheque, involving an amount of ₹ 8 million.

IV. Litigation involving Nahar Poly Films Limited ("NPFL")

Litigation by NPFL

B. Criminal Proceedings

There is one criminal complaint filed by NPFL before the District Court, Ludhiana, against Maxpack Tapes under section 138 of the Negotiable Instruments Act, 1881, on account of dishonoured cheques amounting to ₹ 1.15 million

C. Income Tax Proceedings

There are 10 income tax cases against NPFL, involving an aggregate demand of ₹ 53.60 million, the details of which are set forth below.

1. The Assistant CIT, Range VII, Ludhiana, through an assessment order dated March 21, 2014, imposed an additional demand of ₹ 1.30 million, for the assessment year 2011-12, disallowing various expenses. NPFL filed the appeal (No. CIT (A)- II/Ldh/2014) dated April 21, 2014, before the CIT(A) II, Ludhiana against the assessment order.

2. The Assistant CIT, Range VII, Ludhiana, through an assessment order dated February 19, 2013, disallowed the aggregate expenses claimed by the assessee for the assessment year 2010-11. However, no additional demand was raised by the assessment order. NPFL filed an appeal (No. CIT(A)-II/Ldh/2013), dated March 22, 2013, before the CIT(A)-II, Ludhiana against the assessment order.

3. The Additional CIT, Range VII, Ludhiana, through an assessment order dated November 18, 2011, imposed an additional demand of ₹ 0.52 million for the assessment year 2009-10, disallowing the aggregate expenses claimed by NPFL. NPFL filed an appeal (No. 271/CIT(A)-I/ Ldh/2012), dated December 20, 2011 before the CIT(A) II, Ludhiana against the assessment order.

4. The Additional CIT, Range VII, Ludhiana, through an assessment order dated October 4, 2010, assessed total income for the assessment year 2008-09, at ₹ 14.53 million, by making an addition of ₹ 2.53 million, disallowing expenditure, treating it as non business expenditure. However, no additional demand was imposed. NPFL filed an appeal (No. 152/IT/CIT(A)-II/10-11) dated October 28, 2010 before the CIT(A) II, Ludhiana against the assessment order.

5. The Assistant CIT (OSD), Range VII, Ludhiana through an assessment order dated March 27, 2006, imposed an additional demand of ₹ 15.15 million, for the assessment year 2004-2005, disallowing various expenses, including guest house related expenses, interest and reduction in relief of profits on exports. NPFL filed an appeal (No. 77/CIT (A)-II/Ldh/06-07) dated April 25, 2006, before the CIT (A) II, Ludhiana, against the assessment order, who, by order dated August 30, 2006, partly allowed NPFL's claim. The income tax department filed an appeal (No. 817/Chandi/2006) before the ITAT, Chandigarh, which, by an order dated December 31, 2007, partly allowed the appeal. The income tax department filed an appeal (ITA No. 538 of 2008) dated May 13, 2008 against the order dated December 31, 2007 before the Punjab and Haryana High Court.

6. The Assistant CIT, Central Circle V, Ludhiana, through an assessment order dated November 5, 2002, imposed an additional demand of ₹ 7.98 million, for the assessment year 2000-01, disallowing deduction of relief on profits of exports. NPFL filed an appeal (No. 125/IT/2002-03) dated December 3, 2002, before the CIT(A) I, Ludhiana, who by an order dated February 26, 2003, partly allowed NPFL's claim. The income tax department filed an appeal (No. 293/Chandi/2003), dated May12, 2003, and NPFL filed a cross objection (No.16/Chandi/03), dated September 6, 2003, before the ITAT, Chandigarh, which, by order dated February 2, 2005 partly allowed the appeal filed by the income tax department and dismissed the appeal filed by NPFL.

   Further, the Assistant CIT, Central, Circle V, Ludhiana through an assessment order dated December 28, 2004, imposed an additional demand of ₹ 4.09 million, for the assessment year 2000-01, disallowing deduction of relief on profits of exports. NPFL filed an appeal (No.188-IT/CIT(A)-I/04-05) dated January 20, 2005, before the CIT(A) I, Ludhiana, who by an order dated September 8, 2006, partly allowed NPFLs claim. The income tax department filed an appeal (No. 913/Chandi/2006) dated December 4, 2006 and NPFL filed a cross appeal (No.02/Chandi/06), dated January 16, 2007, before the ITAT, Chandigarh, which, by an order dated September 28, 2007, partly allowed both the appeals. The income tax department and NPFL filed appeals (No. 376 of 2008 and CO NO. 30-C II of 2009, respectively).

   The income tax department filed an appeal (ITA No. 376 of 2008) dated January 21, 2008 and NPFL filed a cross appeal (No. 30-C-II of 2009) dated January 31, 2011, respectively, against the order dated September 28, 2007, before the Punjab and Haryana High Court.

7. The Deputy CIT, Central Circle V, Ludhiana, through an assessment order dated November 7, 2000, imposed an additional demand of ₹ 8.12 million, for the assessment year 1998-99, disallowing various expenses, including entertainment expenses and reduction in deductions made by NPFL. NPFL filed an appeal (No. 61/IT/2000-01), dated December 7, 7, 2000 before the CIT (A) I, Ludhiana, who by an order dated December 24, 2001, partly allowed NPFL's claim. The income tax department filed an appeal (No. 145/Chandi/2002), before the ITAT, Chandigarh, which by an order dated September 27, 2006 partly allowed the appeal. The income tax department filed an appeal (ITA No. 253 of 2007) dated April 26, 2007 against the order dated September 27, 2006 before the Punjab and Haryana High Court.

8. The Assistant CIT, Central Circle V, Ludhiana, through an assessment order dated March 10, 2005, imposed an additional demand of ₹ 0.20 million, for the assessment year 1992-93 on the grounds of reduction of relief on profits of exports. NPFL filed an appeal (No. 26-IT/95-96/CIT (A) C)/Ldh) dated April 17, 1995, before the CIT(A)(C), Ludhiana, which by an order dated February 12, 1996, partly allowed NPFL's claim. The income tax department filed an appeal (No. 440/Chandi/96), before the ITAT, Chandigarh, which, by an order dated September 24, 2003, allowed appeal. NPFL filed an appeal (ITA No. Nil) dated March 23, 2004 against the order dated September 24, 2003 before the Punjab and Haryana High Court.

9. The Assistant CIT, Central Circle V, Ludhiana, through an assessment order dated March 25, 1994, imposed an additional demand of ₹ 2.23 million, for the assessment year 1991-92, on the grounds of valuation of closing stock and reduction of relief on profits of exports. NPFL filed an appeal (No. 47/IT/94-95) dated April 22, 1992 before the CIT(A)(C), Ludhiana, who by an order dated March 24, 1995, partly allowed NPFL's claim. NPFL filed an appeal (No. 895/Chandi/1995) and the income tax department filed an appeal (No.866/Chandi/95) against the order dated March 24, 1995 before the ITAT, Chandigarh, which by an order dated September 24, 2003, which by an order dated December 18, 2003, partly allowed the appeal of NPFL and dismissed the appeal of income tax department by an order dated September 24, 2003. NPFL filed two appeals (Nos. 97 of 2004 and ITA 95 of 2004) dated March 23, 2004 and April 19, 2004, respectively, against the above orders of the ITAT, Chandigarh, before the Punjab and Haryana High Court, of which appeal No. 97 of 2004 was dismissed and appeal dated April 19, 2004 is still pending. As on date.

10. The Assistant CIT, Central Circle VI, Ludhiana through an assessment order dated March 26, 1992 imposed an additional demand of ₹ 3,866, for the assessment year 1990-91, on the grounds of depreciation. NPFL filed an appeal (No. 18/IT/92-93/CIT(A)(C)Ldh) dated April 22, 1994 before the CIT(A)(C), Ludhiana, which, by an order dated November 9, 1992, partly allowed NPFL's claim. The income tax department filed an appeal (No. 104/Chandi/93) before the ITAT, Chandigarh, which was dismissed by it by an order dated September 24, 2003. NPFL filed an appeal dated March 23, 2004 against the order dated September 24, 2003 before the Punjab and Haryana High Court.

D. Civil Suits

There are two civil suits filed by NPFL before the District Court, Ludhiana, involving an aggregate amount of approximately ₹ 0.76 million, relating to recovery of money.

V. Litigation involving Hug Foods Private Limited ("Hug Foods")

Litigation by Hug Foods

A. Criminal Proceedings

There are four criminal complaints filed by Hug Foods before the Illaqua Judicial Magistrate, Ludhiana, under section 138 of the Negotiable Instruments Act, 1881, on account of dishonoured cheques, involving an aggregate amount of approximately ₹ 0.5 million.

VI. Litigation involving Cotton County Retail Limited ("Cotton County")

Litigation against Cotton County

A. Criminal Proceedings

There is one criminal complaint filed against Cotton County, details of which are provided below:

1. The Department of Weights and Measures filed a complaint (WM/507/2010) before the Metropolitan Magistrate, Patiala House Court at New Delhi, against Cotton County alleging discrepancy in the cartons and packing bags.

B. Income Tax Proceedings

There are three income tax cases against Cotton County, involving an aggregate demand of ₹ 0.44 million, the details of which are set forth below.

1. The Assistant CIT, Circle VII, Ludhiana, through an assessment order dated March 7, 2013, reduced the loss for the year to ₹ 21.54 million, for the assessment year 2010-11, disallowing various expenses, including, excess depreciation, penalty and charity and donation. Cotton County filed an appeal, dated April 8, 2013 before the CIT(A) II, Ludhiana challenging the order dated March 7, 2013.

2. The Additional CIT, Range VII, Ludhiana, through an order dated December 2, 2011, imposed an additional demand of ₹ 0.19 million, for the assessment year 2009-10, disallowing various expenses, including penalty charges paid to local authorities for use of carry bags and sundry balances written off. Cotton County filed an appeal (No. 273/2011-12) dated December 27, 2011, before the CIT (A) II, Ludhiana on against the said assessment order.

C. Show Cause Notices

Cotton County received a show cause notice (No. V(61)CE/ADC/LDH/205/2012/3623) dated February 13, 2014, issued by the Joint Commissioner, Central Excise, Ludhiana, seeking recovery of cenvat credit of ₹ 1.47 million availed as input services on the grounds that courier services used for sale of finishes goods do not qualify as input services. Cotton County has filed a reply dated April 9, 2014 with the Joint Commissioner.

D. Other Taxes

There is one proceeding related to excise tax, against Cotton County, involving an aggregate ascertainable amount of approximately ₹ 0.09 million.

E. Arbitration Proceedings

There are two arbitration proceedings initiated against Cotton County before various fora, involving an aggregate amount of approximately ₹ 5.12 million. Details of the material arbitration proceedings are set forth below:

1. Sheela Collection, Chandigarh filed an arbitration petition (no. 7/2013) before the Punjab and Haryana High Court, against Cotton County, seeking the appointment of arbitrators in relation to for recovery of an aggregate sum of ₹ 5.12 million as minimum guarantee and bank guarantee allegedly encashed by Cotton County, along with interest. The Punjab and Haryana High Court, through an order dated August 16, 2013 allowed the petition and referred the matter to the arbitrators appointed.

F. Civil Suits

There are nine civil suits pending against Cotton County before various courts and fora, involving an aggregate amount of approximately ₹ 8.25 million, relating primarily to recovery of money and disputes arising out of agreements. Details of material civil suits are set forth below:

1. Vimal Selections, Hyderabad filed a civil suit (O.S. No. 160/2009) before the Chief Judicial Magistrate, Hyderabad, against Cotton County seeking that Cotton County be restrained from invoking bank guarantees amounting to ₹ 2.00 million issued to it. The Chief Judicial Magistrate, by an order dated November 2, 2009, directed that the bank guarantees cannot be invoked during the pendency of the suit. Cotton County filed an application under section 9 of the Arbitration and Conciliation Act, 1996, for the appointment of arbitrators which was subsequently dismissed on November 9, 2009. Vimal Selections, Hyderabad then filed a revision petition (CRP No. 6220/2009) before the High Court of Andhra Pradesh against the order dated November 9, 2009. The High Court of Andhra Pradesh by an order dated January 22, 2010 suspended the order dated November 9, 2009 during the pendency of the suit.

2. Walia INA Traders, Delhi filed a winding up petition (No. CP-33/2011) on February 22, 2011, before the Punjab and Haryana High Court, against Cotton County to recover an aggregate sum of ₹ 2.56 million, owed on account of minimum guarantee, bank guarantee encashed by Cotton County, along with interest.

G. Consumer Proceedings

There are two consumer proceedings pending against Cotton County before various fora, involving an aggregate amount of approximately ₹ 3.00 million, relating primarily to the branded apparel sold by Cotton County.

Litigation by Cotton County

A. Criminal Proceedings

There are nine criminal complaints filed by Cotton County before various courts and fora, under section 138 of the Negotiable Instruments Act, 1881, on account of dishonoured cheques, involving an aggregate amount of approximately ₹ 2.80 million.

B. Civil Suits

There are seven civil suits filed by Cotton County before various courts and fora, involving an aggregate amount of approximately ₹ 9.93 million, relating primarily to recovery of money. Details of a material civil suit is set forth below:

1. Cotton County filed a civil suit (No. CS/49000) on March 11, 2013, before the Civil Judge, Ludhiana, for permanent injunction restraining the Canteen Stores Department, Ministry of Defence, GoI, from fraudulently invoking and encashing bank guarantees amounting to ₹ 8.67 million issued by Cotton County for rendition of account. The Civil Judge, by an interim order dated April 5, 2013, restrained the invocation of the bank guarantees.

VII. Litigation involving Oswal Woollen Mills Limited ("OWML")

Litigation against OWML

A. Income Tax Proceedings

There are seven income tax cases against OWML, involving an aggregate demand of ₹ 94.25 million, the details of which are set forth below.

1. The Additional CIT, Range VII, Ludhiana, through an assessment order dated March 21, 2014 imposed an additional demand of ₹ 73.09 million, for the assessment year 2011-12, disallowing difference in foreign exchange rate and depreciation. OWML filed an appeal (No. IT/CIT(A)-II, Ludhiana), dated April 21, 2014 before CIT(A) II, Ludhiana.

2. The Additional CIT Range VII, Ludhiana, through an assessment order dated March 8, 2013, for the assessment year 2010-11, imposed an additional demand of ₹ 5.70 million, disallowing expenses incurred for distribution of gift articles amongst business associates and club expenses. OWML filed an appeal (No. 30/IT/CIT(A-II)/Ludhiana) dated April 8, 2013 before the CIT(A) II, Ludhiana. The CIT(A) II, Ludhiana, has partly allowed the appeal in favour of OWML.

3. The Additional CIT, Range VII, Ludhiana, through an assessment order dated December 9, 2011, imposed an additional demand of ₹0.35 million, for the assessment year 2009-10, of disallowing expenses incurred on gift articles distributed among business associates, club expenses and previous year expenses. OWML filed an appeal (No. 272/IT/CIT(A)-I/Ldh/11-12) dated December 27, 2011, before the CIT(A) I, Ludhiana, who, by an order dated December 16, 2013, allowed the appeal. The appeal has not been effected as on date.

4. The Deputy CIT, by an assessment order dated October 6, 2000, computed regular income at ₹ 6.07 million disallowing various expenses, including, manufacturing expenses and club expenses for the assessment year 1998-99. Further income was also increased by not adjusting unabsorbed depreciation of earlier years. Accordingly, an additional demand of ₹ 4.37 million was imposed. OWML filed an appeal (No. 31/IT/2000-2001), dated October 20, 2000, before CIT(A), Ludhiana, who, by an order dated March 19, 2001, partly allowed the appeal. The income tax department and OWML (No. 306/Chandi/2001) filed appeals, respectively, against the order dated March 19, 2011 before the ITAT,

Chandigarh, which, by an order dated September 29, 2006 partly allowed the appeals. OWML filed an appeal (No.2/2006/07), before the Punjab and Haryana High Court.

5. The Assistant CIT, Ludhiana, through an assessment order dated June 6, 1996, imposed an additional demand of ₹ 2.83 million, for the assessment year 1994-95, disallowing certain deductions of leave with wages and leave with salary, legal and professional expenses and depreciation in respect of units that did not have any manufacturing activity during the year. OWML filed an appeal (No.51/IT/96-97/CIT(A)(C)) dated July 2, 1996 before the CIT(A)(C),Ludhiana, who, by an order dated October 18, 1996 partly allowed the appeal. The income tax department filed an appeal (No. 44/Chandi/97), and OWML filed a cross appeal (No. 11/Chandi/97), before the ITAT, Chandigarh, which, by an order in January 2003 partly allowed the appeal filed by the income tax department and dismissed the cross objection filed by OWML. OWML filed an appeal before the Punjab and Haryana High Court challenging the order of the ITAT, Chandigarh.

6. The Deputy CIT, (Central), Range II, Ludhiana, through an assessment order dated March 15, 1993, imposed an additional demand of ₹ 3.32 million, for the assessment year 1991-92, disallowing various expenses, including, entertainment expenses and previous year expenses. OWML filed an appeal (No.38/IT/93-94/CIT(A)(C)/Ldh), dated April 19,1993, before the CIT(A)(C), Ludhiana, who by an order dated December 15, 1994, partly allowed the appeal. OWML filed a further appeal (No. 334/Chandi/95), and by the income tax department (No. 234/Chandi/95), against the order dated December 15, 1994, before the ITAT, Chandigarh, which, by an order dated July 31, 2001, partly allowed the appeal filed by OWML and dismissed the appeal filed by the income tax department. The income tax department filed an appeal (ITA No. 162/2002) against the order dated July 31, 2001, before the Punjab and Haryana High Court.

7. The Deputy CIT, (Central), Range II, Ludhiana, through an assessment order dated March 30, 1992, imposed an additional demand of ₹ 2.89 million, for the assessment year 1990-91, disallowing various expenses, including depreciation expenses. OWML filed an appeal (No.11/IT/92-93/CIT(A)(C)/Ldh), dated April 16, 1992, before CIT(A), Ludhiana, who by an order dated September 14, 1992, partly allowed the appeal. OWML filed a further appeal (No. 1819/Chandi/92), against the order dated September 14, 1992, before the ITAT, Chandigarh, which by an order dated June 14, 2000, partly allowed the appeal. The income tax department filed an appeal (No. 87 of 2001), against the order dated June 14, 2000 before the Punjab and Haryana High Court.

B. Notices from Statutory Authorities

There are three show-cause-cum-demand notices received by OWML from various tax authorities, involving an approximate aggregate ascertainable claim of ₹ 46.87 million, primarily in relation to cenvat credit, exemption claimed on service tax payment, rebate and refund claims, and short deposit of service tax. Brief details of material notices are set forth below:

1. The Office of the Commissioner, Central Excise, Chandigarh, through a show cause notice (No. SCN V(52)15/CE/25/COMMR.ADJ/CHD-II/2011) dated April 5, 2011, raised a demand of ₹ 26.00 million on OWML, disallowing cenvat credit.

2. The Office of the Commissioner, Central Excise, Chandigarh, through a show cause notice (No. SCN V(52)15/CE/95/COMMR.ADJ/CHD-II/2011/6093) dated December 14, 2011, raised a demand of ₹ 26.00 million on OWML, disallowing cenvat credit.

C. Other Taxes and Statutory Charges

There are 24 proceedings related to tax and statutory charges, before various courts and fora, involving OWML involving an aggregate ascertainable amount of approximately ₹ 12.70 million, primarily relating to property tax, excise, customs, sales tax, cenvat credit and claims for rebate.

D. Civil proceedings

There are two civil proceedings, before various courts and fora, involving OWML, involving an aggregate ascertainable amount of approximately ₹ 1.50 million, primarily involving recovery of demand.

E. *Arbitration Proceedings*

There is one arbitration proceeding, involving OWML, involving an aggregate amount of ₹ 10.10 million, brief details of which are set forth below:

1. Oswal Agro Mills Limited initiated arbitration proceedings against OWML for breach of agreements for import of crude palm kernel oil by Oswal Agro Mills Limited on behalf of OWML and for sale of processed palm kernel oil by OWML to Oswal Agro Mills Limited. Oswal Agro Mills Limited claims included remuneration payable under the agreement, loss of profit and cost of short supply of processed oil. The arbitration tribunal by an award dated February 21, 2000, awarded ₹ 6.47 million to Oswal Agro Mills Limited, along with interest. OWML filed an appeal against the award before the Delhi High Court, which by an order dated April 17, 2007 upheld the award. OWML filed a further appeal (No. FAO 211 of 2007) before the Division Bench of the Delhi High Court, which, by an order dated October 22, 2013 rejected the appeal. OWML filed a special leave petition (No. 558 of 2014) before the Supreme Court of India against such order.

F. *Labour proceedings*

There are three proceedings related to labour disputes, before various courts and fora, involving OWML, primarily relating to reinstatement and back wages. The aggregate amount involved in these proceedings is not ascertainable.

G. *Land proceedings*

There are six land related proceedings, against OWML, involving recovery of possession of land, enhanced compensation and encroachment of land. The aggregate amount involved in these proceedings is approximately ₹ 55.84. Brief details of a material land related proceedings is set forth below.

1. Madhya Pradesh Audhyogik Kendra Vikas Nigam raised demands of ₹ 44.40 million and ₹ 11.44 million on OWML, on account of enhanced price for allotment of land to them. OWML filed writ petitions (Nos. 5342 of 2014 and 2979 of 2012) before the High Court of Jabalpur, which by an order, granted stay on such demand.

H. *Consumer disputes*

There is one consumer proceeding, involving OWML, before the Patna District Forum, Patna, involving an amount of ₹ 0.03 million, relating primarily to receipt of defective goods.

Litigation by OWML

A. *Criminal proceedings*

There are five criminal proceedings, before various courts and fora, involving OWML, involving an aggregate ascertainable amount of approximately ₹ 2.77 million, including proceedings initiated under Section 138 of the Negotiable Instruments Act, 1881. Details of criminal proceedings are set forth below.

1. OWML filed a criminal complaint (No. COMI /35124/2013) dated October 11, 2001 against Carryco Road Carriers, its director and others before the Civil Judge Junior Division, Ludhiana, seeking payment of ₹ 0.09 million on account of mis-appropriation of goods. The accused persons filed bail applications before the Chief Judicial Magistrate's Court, Ludhiana.

B. *Civil proceedings*

There are five civil proceedings, before various courts and fora, involving OWML, involving an aggregate ascertainable amount of approximately ₹ 1.67 million, relating primarily to recovery of money.

C. *Arbitration proceedings*

There is one arbitration proceeding, involving OWML, involving an amount of ₹ 103.65 million, details of which are set forth below:

1. OWML initiated an arbitration proceeding against NTPC Vidyut Vyapar Nigam Limited under a power purchase agreement entered into between them, against the encashing of the bank guarantee of ₹ 18.26 million by NTPC Vidyut Vyapar Nigam Limited, for delay in commissioning the solar power project in Rajasthan. OWML alleged that the solar power project was commissioned as per schedule under the power purchase agreement.

D. Consumer disputes

There is one consumer proceeding, involving OWML, before the Punjab State Consumer Dispute Redressal Commission, Chandigarh, involving an amount of ₹ 1.98 million, relating to an insurance claim on damaged goods.

LITIGATION INVOLVING THE DIRECTORS

Our Chairman and Managing Director, Mr. Jawahar Lal Oswal, and our Executive Directors Ms. Monica Oswal and Ms. Ruchika Oswal are involved in certain tax proceedings. For details, see "- ***Litigation Involving Our Promoters***" above.

MATERIAL FRAUDS AGAINST OUR COMPANY

There have been no material frauds committed against our Company in the five years preceding the date of this Red Herring Prospectus.

AMOUNT OWED TO SMALL SCALE UNDERTAKINGS/CREDITORS

As of the date of this Red Herring Prospectus our Company does not owe any amount to any micro, small and medium enterprises which are outstanding for more than 30 days. For details of amounts owed to other creditors which has been outstanding for more than 30 days, see "***Financial Statements – Annexure 13 – Statement of Trade Payables, as Restated***" on page 188.

MATERIAL DEVELOPMENTS

Except as stated in "***Management's Discussion and Analysis of Financial Condition and Results of Operation"*** on page 208**,** there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the GoI and various governmental agencies required for our present business and except as disclosed in this Red Herring Prospectus no further material approvals are required for carrying on our present business operations.

The main objects clause of the Memorandum of Association, objects incidental to the main objects and other objects clause enable the Company to undertake its existing activities.

I. Incorporation Details of our Company

1. Certificate of incorporation dated July 1, 2008 issued to our Company by the RoC.

2. Certificate of commencement of business dated July 28, 2008 issued to our Company by the RoC.

II. Approvals in relation to our Operations

Set forth below is a brief description of the approvals received by our Company for its operations. The approvals obtained in respect of our operations and listed below are valid as of the date of filing of this Red Herring Prospectus. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements. Further, these approvals and licenses are subject to the effective implementation of the conditions contained therein.

Importer Exporter Code

S. No.	Particulars	Registration/Reference No.	Date of Issue	Date of Expiry
1.	Certificate of Importer Exporter Code issued by the Foreign Trade Development Officer, Office of the Joint Director General of Foreign Trade, C-IV, Green Field, Pakhowal, Ludhiana.	3011008515	August 24, 2011	Valid until cancellation

Approvals relating to our manufacturing facilities

S. No.	Particulars	Registration/Reference No.	Date of Issue	Date of Expiry
1.	Consent to operate issued by the Punjab Pollution Control Board ("**PPCB**"), Patiala under the Air Act, for our manufacturing facility situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana	R14LDH2CTOA857338	March 5, 2014	March 31, 2019
2.	Consent to operate issued by the PPCB, Patiala under the Air Act, for our manufacturing facility situated at 231 and 232, Industrial Area A, Ludhiana	ZO-II/LDH/RO-IV/APC/2012/F-600	May 22, 2012	March 31, 2015
3.	Consent to operate issued by the PPCB, Patiala under the Water Act, for our manufacturing facility situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana	R14LDH2CTOW859961	March 5, 2014	March 31, 2019
4.	Consent to operate issued by the PPCB, Patiala under the Water Act, for our manufacturing facility situated at 231 and 232, Industrial Area A, Ludhiana	Zo-II/LDH/RO-IV/WPC/2012/F-658	May 22, 2012	March 31, 2015

S. No.	Particulars	Registration/Reference No.	Date of Issue	Date of Expiry
5.	Authorisation for operation of a facility for transport and storage of hazardous wastes issued by the Environmental Engineer (HWM), PPCB, Patiala under the Hazardous Wastes Rules for our manufacturing facility situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana	HWM/LDH2/2014/873771	March 10, 2014	June 30, 2018
6.	Authorisation for operation of a facility for collection, storage and disposal of hazardous wastes issued by Environmental Engineer (HWM), PPCB, Patiala under the Hazardous Wastes Rules, for our manufacturing facility situated at 231 and 232, Industrial Area A, Ludhiana	HMC/LDH/2012-19/R-2131	May 17, 2012	May 16, 2017
7.	Registration and license issued under Factories Act, 1948 by the Director of Factories, Punjab for our manufacturing facility situated at B-XXIX-106, G.T. Road, Sherpur, Ludhiana	Ldh-I/M-86/906	December 31, 2013	December 31, 2014
8.	Registration and license issued under Factories Act, 1948 by the Director of Factories, Punjab for our manufacturing facility situated at 231 and 232, Industrial Area A, Ludhiana	LDH-2/0-5-/-8	December 31, 2012	December 31, 2014
9.	Certificate for use of boiler issued by the Director of Boilers, Punjab, at Jalandhar	Ldh/2014/44	May 23, 2014	May 22, 2015
10.	Certificate of registration issued by the Controller, Legal Metrology, Punjab, under the Legal Metrology (Packaging Commodities) Rules, 2011 for our facility situated at G.T. Road, Sherpur, Ludhiana and 427, Industrial Area A, Ludhiana	Pb/PCR/2012/88	March 13, 2012	Valid until cancellation

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Labour related approvals

S. no.	Particulars	Registration/Reference No.	Date of Issue	Date of Expiry
1.	Certificate of registration issued under the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 by the Regional Provident Fund Commissioner, Regional Provident Fund office, Sham Nagar, Ludhiana	PN/3903	August 24, 2011*	Valid until cancellation
2.	Certificate of registration issued under Employee State Insurance Act, 1948 by the Assistant Director, Sub-Regional Office, Employee's State Insurance Corporation, Ludhiana	26000073980000104	August 24, 2011**	Valid until cancellation

**Our Company has through a letter dated August 24, 2011 requested the Regional Provident Fund Commissioner, Regional Provident Fund*

office, Sham Nagar, Ludhiana, to change the ownership in respect of provident fund (No. PN/3903) in favour of our Company pursuant to the Scheme of Arrangement and Demerger.
***Our Company has through a letter dated August 24, 2011 requested the Sub-Regional Director, Employee State Insurance Corporation, Ludhiana, to change the ownership in respect of employee state insurance registration (No. 26000073980000104) in favour of our Company pursuant to the Scheme of Arrangement and Demerger.*

Miscellaneous approvals

In addition to the approvals listed above, our Company is also required to obtain certain approvals from the central/concerned state government departments and other local or municipal authorities, for the conduct of its business operations, including no objection certificates and safety certificates from the local departments of fire services and taxation registrations, including PAN, TIN, TAN, service tax registrations, professional tax registrations, excise tax registrations, as applicable.

Intellectual Property Registrations

Pending Applications

Our Company has made the following applications for the registration of their trademarks or for the renewal of registration, which are pending as on date of this Red Herring Prospectus:

S. No.	Description	Class	Application No.	Date of Application
1.	'*monte carlo collection OWM*' (with device)	25	630095	March 6, 2014
2.	*mc'* (label)	25	521939	November 27, 2013
3.	'*MONTE CARLO*' (device)	25	2639893	December 9, 2013
4.	'*MONTE CARLO*' (device)	26	2639894	December 9, 2013
5.	'*platine*' (device)	25	2639895	December 9, 2013
6.	'*platine*' (device)	26	2639896	December 9, 2013
7.	'*PLATINE*' (device)	25	2639897	December 9, 2013
8.	'*PLATINE*' (device)	26	2639898	December 9, 2013
9.	'*TWEENS MONTE CARLO*' (device)	25	2639899	December 9, 2013
10.	'*ALPha*' (device)	25	2639887	December 9, 2013
11.	'*ALPha*' (device)	26	2639888	December 9, 2013
12.	'*Cloak & Decker*' (device)	25	2639891	December 9, 2013
13.	'*Cloak & Decker London*' (device)	25	2639889	December 9, 2013
14.	'*Cloak & Decker London*' (device)	26	2639890	December 9, 2013
15.	'*C&D Cloak & Decker*' (label)	25	2647850	December 23, 2013
16.	'*C&D CLOAK & DECKER*' (label)	26	2647851	December 23, 2013
17.	'*C&D LONDON*' (label)	25	2647852	December 23, 2013
18.	'*C&D LONDON*' (label)	26	2647853	December 23, 2013
19.	'*CLOAK & DECKER*' (label)	25	2647854	December 23, 2013
20.	'*CLOAK & DECKER*' (label)	26	2547855	December 23, 2013
21.	'*CLOAK & DECKER C&D*' (label)	25	2647856	December 23, 2013
22.	'*CLOAK & DECKER C&D*' (label)	26	2647857	December 23, 2013
23.	'*CM*' (label and device)	25	2647848	December 23, 2013
24.	'*CM*' (label and device)	26	2647849	December 23, 2013
25.	'*Tween Monte Carlo*' (device)	26	2639900	December 9, 2013

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

- Our Board of Directors has, pursuant to its resolution dated June 27, 2014, authorized the Offer.
- Mr. Jawahar Lal Oswal has by letter dated July 7, 2014 approved the sale of 711,466 Equity Shares held by him, through the Offer.
- Mr. Dinesh Oswal has by letter dated July 7, 2014 approved the sale of 445,352 Equity Shares held by him, through the Offer.
- Mr. Kamal Oswal has by letter dated July 7, 2014 approved the sale of 87,289 Equity Shares held by him, through the Offer.
- KIL has, pursuant to its board resolution dated November 3, 2014, approved the sale of 1,646,420 Equity Shares held by it, through the Offer.
- OWML has, pursuant to its board resolution dated June 26, 2014, approved the sale of 910,570 Equity Shares held by it, through the Offer.
- AGFPL has, pursuant to its board resolution dated June 19, 2014, approved the sale of 1,177,168 Equity Shares held by it, through the Offer.
- VIL has, pursuant to its board resolution dated November 3, 2014, approved the sale of 454,751 Equity Shares held by it, through the Offer.

In-principle Listing Approvals

- We have received an in-principle approval from the BSE for the listing of our Equity Shares pursuant to a letter dated August 28, 2014.
- We have received an in-principle approval from the NSE for the listing of our Equity Shares pursuant to a letter dated August 18, 2014.

Prohibition by the SEBI, the RBI or Governmental Authorities

Our Company, our Promoters, our Promoter Group, our Directors, our Group Companies and persons in control of our Company are not prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other governmental authorities. Neither our Promoters, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities.

None of our Directors are in any manner associated with the securities market and there has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

Neither our Company, any of our Promoters, Group Companies, nor our Directors, or the relatives (as per the Companies Act, 2013) of our Promoters, have been detained as wilful defaulters by the RBI or any other governmental authorities.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 26 (1) of the SEBI ICDR Regulations as described below:

"*An issuer may make an initial public offer, if:*

(a) it has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. are held in monetary assets:

Provided that if more than fifty per cent. of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project;

Provided further that the limit of fifty per cent. on monetary assets shall not be applicable in case the public offer is made entirely through an offer for sale.

(b) it has a minimum average pre-tax operating profit of rupees fifteen crore, calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years.

(c) it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each);

(d) the aggregate of the proposed issue and all previous issues made in the same financial year in terms of the issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;

(e) if it has changed its name within the last one year, at least fifty per cent. of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name."

Our Company does not have any subsidiaries as on the date of this Red Herring Prospectus.

Set forth below are the net tangible assets, net worth and pre tax operating profit, which are derived from our Audited Restated Financial Statements, as on and for the five years ended, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 and included in this Red Herring Prospectus.

(in ₹ million)

Particulars	Fiscal 2014[4]	Fiscal 2013[4]	Fiscal 2012[4]	Fiscal 2011	Fiscal 2010
Net Tangible assets[1]	4,589.85	3,856.44	2,003.60	(0.90)	(0.89)
Net worth[2]	3,799.72	3,246.71	1,507.67	(0.90)	(0.89)
Pre-tax operating profit[3]	779.14	641.32	758.94	(0.01)	(0.01)

(1) 'Net tangible assets' are defined as the sum of all net assets (i.e. non current assets, current assets less current liabilities) of our Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.
(2) Net worth' has been defined as the aggregate of the paid up share capital, share application money (excluding the portion included in other current liabilities) and reserves and surplus excluding miscellaneous expenditure, if any.
(3) 'Pre-tax operating profits' comprise of profit from operations before finance expenses, other income, and exceptional items in accordance with Clause 41 1(A) of the Equity Listing Agreements.
(4)Fiscals 2014, 2013 and 2012 have been the most profitable years out of the five years preceding the date of this Red Herring Prospectus in terms of our restated financial statements.

Hence, we are eligible for the Offer as per Regulation 26(1) of the SEBI ICDR Regulations. Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, otherwise, the entire application money will be refunded forthwith. If the Company does not allot Equity Shares pursuant to the Offer within 12 Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

All expenses with respect to the Offer will be shared among the Selling Shareholders, in proportion to the Equity Shares being offered by them in this Offer.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS 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 OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS

OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLMs, BEING SBI CAP, AXIS CAP, EDELWEISS AND RELIGARE HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE 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 OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs, SBI CAP, AXIS CAP, EDELWEISS AND RELIGARE, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 9, 2014 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY,**

   WE CONFIRM THAT:

   A. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

   B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   C. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND UNTIL DATE SUCH REGISTRATION IS VALID – <u>NOTED FOR COMPLIANCE</u>;**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – <u>NOTED FOR COMPLIANCE</u>;**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH**

THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS;

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS;

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION WILL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER – NOT APPLICABLE;

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE;

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE 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 OFFER AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE;

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY;

11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

    A. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

B. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER - <u>NOTED FOR COMPLIANCE;</u>**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.;**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING 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 BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR;**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INLCUDED IN THE DRAFT RED HERRING PROSPECTUS.</u>**

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Price Information of Past Issues handled by the BRLMs

1. *Price information of past public issues handled by SBI Capital Markets Limited:*

S. No	Issue Name	Issue Size (₹ Mn)	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	Credit Analysis and Research Limited	5,399.77	750.00	26-Dec-12	949.00	923.95	23.19%	19,417.46	934.45	19,784.08	924.15	19,906.41	916.60	19,923.78
2	PC Jeweller Limited	6,013.08	135.00(1)	27-Dec-12	135.50	149.00	10.37%	19,323.80	181.90	19,691.42	169.00	19,986.82	157.80	20,103.53
3	Repco Home Finance Limited	2,702.32	172.00(2)	01-Apr-13	159.95	161.8	-5.93%	5,704.40	171.65	5,558.70	168.75	5,834.40	170.90	5,930.20

Note: The 10th, 20th and 30th calendar day computation includes the listing day. If either of the 10th, 20th or 30th calendar days is a trading holiday, the next trading day is considered for the computation.We have considered the designated stock exchange for the pricing calculation.

1. *Issue price for employees and retail individual bidders was ₹130.00*
2. *Issue price for employees was ₹156.00*

2. *Summary statement of price information of past issues handled by SBI Capital Markets Limited:*

Financial year	Total no. Of IPOs	Total funds raised (₹ Mn)	Number of IPOs trading at a discount on listing date			Number of IPOs trading at a premium on listing date			Number of IPOs trading at a discount as on 30th calendar day from listing day			Number of IPOs trading at a premium as on 30th calendar day from listing day		
			Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%
2012-13	2	11,412.85	0	0	0	0	0	2	0	0	0	0	0	2
2013-14	1	2,702.32	0	0	1	0	0	0	0	0	1	0	0	0
2014-15	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0

Note: The 30th calendar day computation includes the listing day. If the 30th calendar day is a trading holiday, the next trading day is considered for the computation.

3. *Price information of past issues handled by Axis Capital Limited*

Sr. No.	Issue name	Issue size (₹ in Million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	Closing price on listing date (in ₹)	% 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 (in ₹)	Benchmark index as on 10th calendar day from listing day (closing)	Closing price as on 20th calendar day from listing day (in ₹)	Benchmark index as on 20th calendar day from listing day (closing)	Closing price as on 30th calendar day from listing day (in ₹)	Benchmark index as on 30th calendar day from listing day (closing)
1.	Bharti Infratel Limited[1]	41,727.6	220.00	28-Dec-12	200.00	191.65	-12.89%	5,908.35	207.4	5,988.4	204.40	6001.85	210.30	6074.80

Sr. No.	Issue name	Issue size (₹ in Million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	Closing price on listing date (in ₹)	% 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 (in ₹)	Benchmark index as on 10th calendar day from listing day (closing)	Closing price as on 20th calendar day from listing day (in ₹)	Benchmark index as on 20th calendar day from listing day (closing)	Closing price as on 30th calendar day from listing day (in ₹)	Benchmark index as on 30th calendar day from listing day (closing)
2.	Tara Jewels Limited	2,200.0	230.00	6-Dec-12	242.00	229.9	-0.04%	5,930.90	230.25	5,857.9	223.75	5,905.6	235.30	6016.15
3.	MT Educare Limited	990.0	80.00	12-Apr-12	86.05	90.35	12.94%	5,276.85	107.9	5,200.6	107.1	5,239.15	91.15	4,928.90
4.	NBCC Limited[2]	1,249.7	106.00	12-Apr-12	101.00	96.95	-8.54%	5,276.85	96.35	5,200.6	94.75	5,239.15	86.55	4,928.90

Source: www.nseindia.com

[1] Price for retail individual bidders was ₹ 210.00 per equity share and for anchor investors was ₹ 230.00
[2] Price for retail individual bidders and eligible employees was ₹ 100.70 per equity share.

Notes:
a. The S&P CNX NIFTY is considered as the Benchmark Index.
b. Price on NSE is considered for all of the above calculations.
c. In case 10th/20th/30th day is not a trading day, closing price on NSE of the next trading day has been considered.

4. *Summary statement of price information of past issues handled by Axis Capital Limited*

Financial year	Total no. of IPOs	Total funds raised (₹ in Million)	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 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th 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%
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	4	46,167.3	0	0	3	0	0	1	0	0	2	0	0	2

Note: In the event that any day falls on a holiday, the price/ index of the next trading day has been considered.
The information for each of the financial years is based on issues listed during such financial year.

5. *Price information of past issues handled by Edelweiss Financial Services Limited*

Sr. No.	Issue name	Issue size (₹ Cr)	Issue price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in price on listing date (closing) vs. issue price	Benchmark index on listing date (closing)[(a)]	Closing price as on 10th calendar day from listing day (₹)[(b)]	Benchmark index as on 10th calendar day from listing day (closing)[(a)]	Closing price as on 20th calendar day from listing day (₹)[(b)]	Benchmark index as on 20th calendar day from listing day (closing)[(a)]	Closing price as on 30th calendar day from listing day (₹)[(b)]	Benchmark index as on 30th calendar day from listing day (closing)[(a)]

1	Sharda Cropchem Limited	351.86	156	23-Sep-14	254.1	231.45	48.37%	26,775.69	256	26,271.97	255.7	26,384.07	250.75	26,787.23
2	Wonderla Holidays Limited	181.25	125	09-May-14	164.75	157.6	26.08%	22,994.23	167	24,363.05	210.1	24,556.09	216	25,580.21
3	Credit Analysis and Research Limited	539.98	750	26-Dec-12	949	923.95	23.19%	19,417.46	934.45	19,784.08	924.15	19,906.41	916.6	19,923.78

Source: All share price data is from "www.bseindia.com"
Note: The BSE Sensex is considered as the Benchmark Index; In case 10th/20th/30th day is not a trading day, closing price on BSE of the next trading day has been considered.

6. *Summary statement of price information of past issues handled by Edelweiss Financial Services Limited*

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**
2012-2013	1	539.978	-	-	-	-	-	1	-	-	-	-	-	1
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
April 1, 2014 – till the date of the Prospectus	2	533.11	-	-	-	-	2	-	-	-	-	2	-	-

Source: All share price data is from www.bseindia.com

7. *Price information of past issues handled by Religare Capital Markets Limited*

Religare Capital Markets Limited has not handled any initial public offerings of equity shares in the last three years.

8. *Summary statement of price information of past issues handled by Religare Capital Markets Limited*

Religare Capital Markets Limited has not handled any initial public offerings of equity shares in the last three years.

Track records of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the website of the BRLMs:.

BRLM	Website
SBICAP	http://www.sbicaps.com/index.php/track-record-of-public-issue/
Axis Cap	www.axiscapital.co.in.
Edelweiss	http://www.edelweissfin.com/FinancialServices/CapitalMarkets/InvestmentBanking/TrackRecord_ECM.aspx
Religare	http://www.religarecm.com/article-public-issue-of-equity-Id-27.aspx

Caution – Disclaimer from our Company, the Selling Shareholders and the BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our websites, www.montecarlocorporate.com and www.montecarlocollections.com, would be doing so at his or her own risk. The Selling Shareholders, their directors, affiliates, associates and their respective directors and officers accept no responsibility for any statements made other than those made in relation to them and/or to the Equity Shares offered by them respectively, through the Offer for Sale.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Offer Agreement entered into among the BRLMs, the Selling Shareholders and our Company dated July 9, 2014, and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the Bidders and public 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, at bidding centres or elsewhere.

Neither our Company, the Selling Shareholders nor the Syndicate shall be liable to the Bidders for any failure in uploading the Bids, due to faults in any software or hardware system, or otherwise.

The BRLMs and their associates may engage in transactions with, and perform services for our Company, the Selling Shareholders, our Group Companies and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or our Group Companies or our respective affiliates or associates for which they have received, and may in future receive compensation.

Bidders that bid in the Offer will be required to confirm, and will be deemed to have represented to our Company, the Selling Shareholders, 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 the Equity Shares, and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, 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 our Equity Shares.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India, Hindu Undivided Families ("**HUFs**"), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, Eligible Qualified Foreign Investors ("**QFIs**"), Alternative Investment Funds ("**AIFs**"), Foreign Institutional Investors ("**FIIs**"), Foreign Portfolio Investors registered with SEBI ("**FPIs**") and QIBs.

This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at New Delhi, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act, 1933 ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and 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 Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any single bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of the BSE

BSE has given vide its letter dated August 28, 2014, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
(ii) warrant that this Company's securities will be listed or will continue to be listed on Exchange; or
(iii) take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company.

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this offer document has been submitted to NSE. NSE has given vide its letter ref.: NSE/LIST/248013-Y dated August 18, 2014 permission to the Issuer to use the Exchange's name in this offer document as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus was filed with the SEBI at 5th floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi 110 001, India.

A copy of this Red Herring Prospectus, along with the documents required to be filed, has been delivered for registration to the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration to the RoC situated at the address mentioned below.

Registrar of Companies, Punjab, Chandigarh and Himachal Pradesh
Corporate Bhawan, Plot No. 4B
Sector 27B, Madhya Marg
Chandigarh 160 019
India

Listing

Application has been made to the Stock Exchanges for obtaining permission for listing of the Equity Shares being issued and sold in the Offer and BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in reliance of this Red Herring Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within 12 Working Days of the Bid/Offer Closing Date. If our Company does not allot Equity Shares pursuant to the Offer within 12 Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

The Selling Shareholders undertake to provide such reasonable support and extend reasonable cooperation as may be requested by our Company, to the extent such support and cooperation is required from such party to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges. Other than listing fees, which will be paid by our Company, all expenses with respect to the Offer will be shared between the Selling Shareholders and our Company, in proportion to the Equity Shares contributed to the Offer. Further, each of the Selling Shareholders shall reimburse our Company for any interest paid by it, on behalf of the Selling Shareholders, in proportion to the Equity Shares offered for sale by each of the Selling Shareholders in the Offer, in so far as any delays pertain to the Equity Shares offered for sale by such Selling Shareholder.

Impersonation

Attention of the Bidders 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."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of: (a) the Selling Shareholders, our Directors, the Company Secretary and Compliance Officer, the Auditors, the legal counsel, the Bankers to our Company, the Bankers to the Offer, lenders (where such consent is required), industry sources; and (b) the BRLMs, the Syndicate Members and the Registrar to the Offer to act in their respective capacities, will be obtained and filed along with a copy of this Red Herring Prospectus with the RoC and such consents shall not be withdrawn up to the time of delivery of this Red Herring Prospectus and the Prospectus with the RoC.

Walker Chandiok & Co. LLP, Chartered Accountants, our Auditor, has given their written consent to the inclusion of their reports on the Company's Audited Restated Financial Statements, in the form and context in which it appears in "***Financial Statements***" on page 166 and of their report relating to tax benefits accruing to our Company in the form and context in which it appears in "***Statement of Tax Benefits***" on page 73 and such consent and report shall not be withdrawn up to the time of delivery of this Red Herring Prospectus and Prospectus with the RoC.

Expert Opinion

Except for the report of the Auditor on the Company's Audited Restated Financial Statements and the Statement of Tax Benefits, included in this Red Herring Prospectus, our Company has not obtained any other expert opinions.

Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Offer expenses are as follows:

(₹ in million)

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the Book Running Lead Managers	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar	[●]	[●]	[●]
Underwriting commission, fees payable to the Bankers to the Offer, brokerage and selling commission, as applicable**	[●]	[●]	[●]
Brokerage and selling commission payable to Registered Brokers	[●]	[●]	[●]
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers and submitted with the SCSBs**	[●]	[●]	[●]
Others (listing fees, legal fees, etc.)	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

**Will be incorporated at the time of filing of the Prospectus.*
*** SCSBs would be entitled to a processing fee of ₹ 15 per Bid cum Application Form, for processing the Bid cum Application Forms procured by the members of the Syndicate and submitted to SCSBs.*

All expenses with respect to the Offer will be shared among the Selling Shareholders, in the proportion of the Equity Shares being offered by them in this Offer.

Fees, Brokerage and Selling Commission

The total fees payable to the BRLMs and Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the engagement letters with the BRLMs dated March 22, 2014 and June 26, 2014, respectively and the Syndicate Agreement dated November 20, 2014 entered into among our Company, the Selling Shareholders and the members of the Syndicate, copies of which shall be available for inspection at our Registered Office, from 10.00 am to 4.00 p.m. on Working Days from the date of filing this Red Herring Prospectus until the Bid/Offer Closing Date.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated July 1, 2014, signed among our Company, the Selling Shareholders and the Registrar to the Offer, a copy of which shall be made available for inspection at our Registered Office.

The Registrar to the Offer 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 Offer to enable it to send refund orders or Allotment Advice by registered post/speed post (subject to postal rules).

Particulars regarding Public or Rights Issues during the Last Five Years

There have been no public or rights issues undertaken by our Company during the five years preceding the date of this Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares since our incorporation.

Previous Issues Otherwise than for Cash

Except as disclosed in "***Capital Structure***" on page 59, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Capital Issues in the Preceding Three Years

Except as disclosed in "***Capital Structure***" on page 59, our Company has not made any capital issues during the three years preceding the date of this Red Herring Prospectus. None of our Group Companies have made any capital issues during the three years preceding the date of this Red Herring Prospectus.

Performance vis-à-vis Objects

Our Company has not completed any public or rights issue in the 10 years preceding the date of this Red Herring Prospectus.

Performance vis- à-vis Objects: Last Issue of Group Companies or Associate Companies

None of our Group Companies have made any public or rights issues in the 10 years preceding the date of this Red Herring Prospectus.

Outstanding Debentures, Bonds or Redeemable Preference Shares

As on the date of this Red Herring Prospectus, our Company does not have any outstanding debentures, bonds or redeemable preference shares.

Partly Paid-Up Shares

As on the date of this Red Herring Prospectus, there are no partly paid up Equity Shares of our Company.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares of our Company are not listed on any stock exchange and hence no stock market data is available for our Equity Shares.

Mechanism for Redressal of Investor Grievances by our Company

The agreement dated July 1, 2014 among the Registrar to the Offer, the Selling Shareholders and our Company, provides for retention of records with the Registrar to the Offer for a minimum period of three years from the last date of dispatch of letters of Allotment, demat credit or refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Investors may contact the BRLMs for any complaint pertaining to the Offer. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Disposal of Investor Grievances by our Company and Listed Group Companies

We estimate that the average time required by our Company or the Registrar to the Offer for the redressal of routine investor grievances shall be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Sahil Jain, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems, at the following address:

Mr. Sahil Jain, Company Secretary and Compliance Officer

G.T. Road
Sherpur
Ludhiana 141 003
Punjab, India
Tel.: (+91 161) 5066 628
Fax: (+91 161) 2542 509
Email: companysecretary@montecarlocorporate.com

For details on the mechanism for redressal of investor grievances by our top five listed Group Companies, including Companies under the same management, see “***Our Promoters and Group Companies - Top five Group Companies***” on page 150. Our listed Group Companies, Oswal Leasing Limited, Sankheshwar Holding Company Limited and Nahar Financial and Investment Limited have obtained authentication on SEBI Complaints Redress System.

Changes in Auditors

Name of Auditor	Date of Change	Reason
Gupta, Vigg and Co., Chartered Accountants	September 27, 2012	Resignation
Walker Chandiok & Co. LLP, Chartered Accountants	September 27, 2012	Appointment

Capitalization of Reserves or Profits

Except as disclosed in "***Capital Structure***" on page 59, we have not capitalized our reserves or profits at any time during the five years preceding the date of this Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – OFFER RELATED INFORMATION
OFFER STRUCTURE

The Offer of 5,433,016 Equity Shares of face value ₹ 10 each, at an Offer Price of ₹ [●] for cash, including a premium of ₹ [●] per Equity Share, aggregating ₹ [●] million, through an Offer for Sale by the Selling Shareholders, being made through the Book Building Process. The Offer will constitute 25% of the post-Offer equity share capital of our Company.

Please note that, based on an undertaking provided to SEBI by our Company and the Selling Shareholders, in addition to the conditions as stated in this Red Herring Prospectus, Allotment is also subject to receipt of Bids equivalent to at least 25% of the Offer (including Bids received under the Anchor Investor Portion) from Mutual Funds and/or Insurance Companies

	QIBs*	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation**#	2,716,507 Equity Shares, or Offer less allocation to Non-Institutional Investors and Retail Individual Investors	Not less than 814,953 Equity Shares or Offer less allocation to QIBs and Retail Individual Investors	Not less than 1,901,556 Equity Shares or Offer less allocation to QIBs and Non-Institutional Investors
Percentage of Offer size available for allocation	50% of the Offer will be available for allocation to QIBs. However, 5% of the QIB Category, excluding the Anchor Investor Portion, will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation portion will also be eligible for allocation in the remaining QIB Category. The unsubscribed portion in the Mutual Fund portion will be available for allocation to QIBs	Not less than 15% of the Offer or Offer less allocation to QIBs and Retail Individual Investors	Not less than 35% of the Offer or the Offer less allocation to QIBs and Non-Institutional Investors
Basis of Allotment if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares will be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares will be available for allocation on a proportionate basis to QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For more information, see "***Offer Procedure***" on page 270.
Mode of Bidding	Through ASBA process only	Through ASBA process only	Both the ASBA process and the non-ASBA process are available to Retail Individual Investors
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		[●] Equity Shares and in multiples of one Equity Share

	QIBs*	Non-Institutional Investors	Retail Individual Investors
			thereafter subject to availability in the Retail Category
Market Lot/ Trading Lot	One Equity Share		
Who can Apply***	Public financial institutions specified in Section 2(72) of the Companies Act, FPIs (other than Category III FPIs), scheduled commercial banks, mutual funds registered with the SEBI, venture capital funds registered with SEBI, FVCIs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, 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, India	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, Eligible QFIs, scientific institutions societies and trusts and any Category III FPIs registered with SEBI, which is a foreign corporate or foreign individual for Equity Shares such that the Bid Amount exceeds ₹ 200,000 in value	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value
Terms of Payment	The entire Bid Amount will be payable at the time of submission of the Bid cum Application Form to the Syndicate or the Designated Branch or the member of the Syndicate at the Specified Location or the Registered Broker at the Broker Center, as the case may be. In case of ASBA Bidders, the SCSB will be authorized to block funds equivalent to the Bid Amount in the relevant ASBA Account as detailed in the Bid cum Application Form.		

** Our Company may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100.00 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor, and (iii) minimum of five and maximum of 25 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100.00 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above Anchor Investor Offer Price.*

***This Offer is being made through the Book Building Process 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, on a proportionate basis, subject to applicable laws.*

***If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

 # Please note that, based on an undertaking provided to SEBI by our Company and the Selling Shareholders, in addition to the conditions as stated in this Red Herring Prospectus, Allotment is also subject to receipt of Bids equivalent to at least 25% of the Offer (including Bids received under the Anchor Investor Portion) from Mutual Funds and/or Insurance Companies.

Retail Discount

The Retail Discount, if any, will be offered to Retail Individual Investors at the time of making a Bid. Retail Individual Investors bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Retail Discount) at the time of making a Bid. Retail Individual Investors bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount, at the time of making a Bid. Retail Individual Investors must ensure that the Bid Amount does not exceed ₹ 200,000. Please refer to "***Offer Procedure***" on page 270.

Withdrawal of the Offer

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right not to proceed with the Offer at any time after the Bid Opening Date but before Allotment. If our Company and the Selling Shareholders withdraw the Offer, our Company will issue a public notice within two days, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, 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-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholders withdraw the Offer after the Bid Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, they will file a fresh offer document with SEBI and/or the Stock Exchanges, as the case may be.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within 12 Working Days of the Bid Closing Date; and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Bid/Offer Period

BID/OFFER OPENS ON*	December 3, 2014
BID/OFFER CLOSES ON	December 5, 2014
FINALISATION OF BASIS OF ALLOTMENT	On or about December 15, 2014
INITIATION OF REFUNDS	On or about December 17, 2014
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	On or about December 17, 2014
COMMENCEMENT OF TRADING	On or about December 19, 2014

** Our Company may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*

This timetable, other than Bid/Offer Opening and Closing Dates, is indicative in nature and does not constitute any obligation or liability on our Company, the Selling Shareholders or the members of the Syndicate. While our Company and the Selling Shareholders will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within 12 Working Days of the Bid/Offer Closing Date, the timetable may be subject to change for various reasons, including extension of the Bid/Offer Period by our Company and the Selling Shareholders due to revision of the Price Band or any delays in receipt of final listing and trading approvals from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law.

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding centers mentioned in the Bid cum Application Form, or in the case of ASBA Bidders, at the Designated Branches (a list of such branches is available at the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) or with the members of the Syndicate at the Specified Locations or with the Registered Brokers at the Broker Centers (a list of such Broker Centers is available at the websites of the Stock Exchanges), as the case may be, except that on the Bid/Offer Closing Date (which for QIBs is a day prior to the Bid/Offer Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. (Indian Standard Time) in case of Bids by Retail Individual Investors. On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges. Due to limitation of time available for uploading Bids on the Bid/Offer Closing Date, Bidders are advised to submit

Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. If a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. Our Company, the Selling Shareholders, the members of the Syndicate, the SCSBs and the Registered Brokers will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days.

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a press release and by indicating the change on the websites and terminals of the members of the Syndicate.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

TERMS OF THE OFFER

The Equity Shares issued and allotted in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRR, the Memorandum of Association, the Articles of Association, the Equity Listing Agreements, the terms of this Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue and sale of capital and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued and allotted in the Offer will be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and will rank *pari passu* with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For more information, see "***Main Provisions of Articles of Association of our Company***" on page 312.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act, the Equity Listing Agreements, our Memorandum of Association and Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. For more information, see "***Dividend Policy***" on page 165.

Face Value and Price Band

The face value of each Equity Share is ₹ 10. At any given point of time there will be only one denomination for the Equity Shares.

The Price Band, the minimum Bid lot and the Rupee amount of the Retail Discount, if any, will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and published by our Company at least five Working Days prior to the Bid/Offer Opening Date, in all editions of *Business Standard*, all editions of *Business Standard (Hindi)* and Ludhiana edition of *Punjabi Jagran* (which are widely circulated English, Hindi and Punjabi newspapers, Punjabi being the regional language of Punjab where our Registered and Corporate Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites.

Rights of the Equity Shareholder

Subject to applicable law, the equity shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Equity Listing Agreements and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "***Main Provisions of Articles of Association of our Company***" on page 312.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares will be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialized form.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see "***Offer Procedure***" on page 270.

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-tenants with benefits of survivorship.

Nomination Facility

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of 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 90 days, the Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Bid/Offer Period

BID/OFFER OPENS ON*	December 3, 2014
BID/OFFER CLOSES ON	December 5, 2014
FINALIZATION OF BASIS OF ALLOTMENT	On or about December 15, 2014
INITIATION OF REFUNDS	On or about December 17, 2014
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	On or about December 17, 2014
COMMENCEMENT OF TRADING	On or about December 19, 2014

** Our Company may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer in accordance with SEBI ICDR Regulations. However, our Company is required to Allot Equity Shares constituting at least 25% of the post-

Offer share capital of our Company. In the event such minimum Allotment is not made in this Offer, our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company, every officer in default and the Selling Shareholders shall pay interest prescribed under applicable law.

In terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom the Equity Shares are Allotted in the Offer will be not less than 1,000.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of pre-Offer equity shareholding and Anchor Investor lock-in in the Offer, as detailed in *"**Capital Structure**"* on page 59 and as provided in our Articles as detailed in "***Main Provisions of Articles of Association of our Company***" on page 312, there are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("**General Information Document**") included below under section titled " – **Part B - General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Offer.*

Our Company, the Selling Shareholders and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process where 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, of which at least one-third will be available for allocation to domestic Mutual Funds. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, on a proportionate basis, subject to applicable laws.

Please note that, based on an undertaking provided to SEBI by our Company and the Selling Shareholders, in addition to the conditions as stated in this Red Herring Prospectus, Allotment is also subject to receipt of Bids equivalent to at least 25% of the Offer (including Bids received under the Anchor Investor Portion) from Mutual Funds and/or Insurance Companies

Bid cum Application Form

There is a common Bid cum Application Form for ASBA Bidders as well as non-ASBA Bidders. Copies of the Bid cum Application Form will be available with the members of the Syndicate, the Registered Brokers at the Broker Centers, at our Registered Office and our Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

Retail Individual Investors may Bid through the ASBA process at their discretion. However, QIBs (excluding Anchor Investors) and Non Institutional Investors must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

ASBA Bidders must provide bank account details in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such detail are liable to be rejected. In relation to non-ASBA Bidders, the bank account details shall be available from the depository account.

ASBA Bidders shall ensure that the Bids were submitted at the Bidding centers only on Bid cum Application Forms bearing the stamp of a member of the Syndicate or the Registered Broker or the SCSB, as the case may be, (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms not bearing such specified stamp maybe liable for rejection.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including FPIs and Eligible NRIs, applying on a repatriation basis	Blue
Anchor Investors**	White

** Excluding electronic Bid cum Application Forms*

***Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.*

Who can Bid?

In addition to the category of Bidders set forth under "- ***General Information Document for Investing in Public Issues - Category of Investors Eligible to Participate in an Offer***", the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

(i) Mutual Funds registered with SEBI. Bids by asset management companies or custodians of Mutual Funds should clearly indicate the name of the concerned scheme for which the Bid is submitted;
(ii) Venture Capital Funds and Alternative Investment Funds registered with SEBI;
(iii) Foreign Venture Capital Investors registered with SEBI;
(iv) Foreign Portfolio Investor registered with SEBI, provided that any QFI or FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995;
(v) State Industrial Development Corporations;
(vi) Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
(vii) Insurance companies registered with IRDA;
(viii) Provident funds and pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitutional documents to hold and invest in equity shares;
(ix) National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
(x) Insurance funds set up and managed by the army, navy or air force of the Union of India or by the Department of Posts, India;
(xi) Multilateral and bilateral development financial institutions; and
(xii) Any other person eligible to Bid in the Offer under applicable laws.

Bids by Eligible NRIs

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment.

Eligible NRIs bidding on repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to the Non-Resident External ("**NRE**") or Foreign Currency Non Resident (Bank) ("**FCNR**") accounts maintained with authorised dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000 ("**Authorised Dealer**"). Eligible NRIs bidding on repatriation basis are advised to use the Bid cum Application Form for Non-Residents (Blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting the NRE or FCNR account, as the case may be.

Eligible NRIs bidding on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as the Non-Resident Ordinary Rupee Account ("**NRO**"). Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for Residents (White in colour).

Bids by Foreign Portfolio Investors (including FIIs and QFIs)

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2014 ("**SEBI FPI Regulations**"), investment in the Equity Shares by a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is permitted up to 10% of our post-Offer Equity Share capital.

Any QFI or FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. An FIIs or a sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in this Offer, until the expiry of its registration with SEBI as an FII or a sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier. Further, a QFI may participate in this Offer until January 6, 2015 (or such date as may be specified by SEBI) or if it has obtained a certificate of registration as an FPI, whichever is earlier.

In accordance with foreign investment limits applicable to our Company, total foreign investment including FPI investment may be up to 49% through the automatic route and up to 100% through the approval route 100%. Currently, total foreign investment including FPI investment is not permitted to exceed 49% of our total issued capital.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour). FPIs are required to Bid through the ASBA process to participate in the Offer.

Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the "**SEBI VCF Regulations**") and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the "**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will, after registering this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of *Business Standard*, all editions of *Business Standard (Hindi)* and Ludhiana edition of *Punjabi Jagran* (which are widely circulated English, Hindi and Punjabi newspapers, Punjabi being the regional language of Punjab where our Registered and Corporate Office is located).

Payment instructions

In terms of the RBI circular (No. DPSS.CO.CHD.No./133/04.07.05/2013-14) dated July 16, 2013, non-CTS cheques will be processed in three CTS centers thrice a week until April 30, 2014, twice a week until October 31, 2014 and once a week from November 1, 2014 onwards. In order to enable listing and trading of Equity Shares within 12 Working Days of the Bid/Offer Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Bid/Offer Closing Date.

Payment into Escrow Accounts for Bidders other than ASBA Bidders

The payment instruments for payment into the Escrow Accounts should be drawn in favor of:

(i) In case of Resident Retail Individual Investors: "Escrow Account – MCFL Public Offer – R"

(ii) In case of Non-Resident Retail Individual Investors: "Escrow Account – MCFL Public Offer – NR"

Our Company and the Selling Shareholders in consultation with the BRLMs, in its absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. The payment instruments for payment into the Escrow Account(s) for Anchor Investors should be drawn in favor of:

(i) In case of resident Anchor Investors: "Escrow Account - MCFL Public Offer - Anchor Investor - R"

(ii) In case of non-resident Anchor Investors: "Escrow Account - MCFL Public Offer - Anchor Investor - NR"

Undertakings by our Company

Our Company undertakes the following:

(i) That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(ii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Offer Closing Date;

(iii) That funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

(iv) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days from the Bid/ Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(v) That no further issue of Equity Shares shall be made until the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;

(vi) That adequate arrangements shall be made to collect all Bid cum Application Forms in relation to ASBA and to consider them similar to non-ASBA applications while finalizing the basis of allotment;

(vii) That the certificates of the securities/refund orders to Eligible NRIs shall be despatched within specified time; and

(viii) That our Company shall not have recourse to the Offer Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Undertakings by the Selling Shareholders

(i) The Equity Shares available in the Offer for Sale have been held by the Selling Shareholders for a period of more than one year prior to the date of the Draft Red Herring Prospectus, and are free and clear of any liens or encumbrances, and will be transferred to the successful Bidders within the specified time;

(ii) The Selling Shareholders will not have recourse to the proceeds of the Offer For Sale, until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;

(iii) The Selling Shareholders will not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares available in the Offer for Sale; and

(iv) The Selling Shareholders will take all such steps as may be required to ensure that the Equity Shares are available for transfer in the Offer for Sale.

The Promoters have authorized the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Basis of Allotment

The executive director or managing director of the Designated Stock Exchange, BSE, along with the BRLMs and the Registrar to the Offer, Link Intime India Private Limited, shall ensure that the basis of allotment is finalised in a fair and proper manner and in accordance with the SEBI ICDR Regulations. For details, see, "***General Information - Statement of Inter-se Allocation of Responsibilities of the BRLMs***" on page 54.

Utilization of Offer Proceeds

The Selling Shareholders along with the Company declare that all monies received out of this Offer shall be 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.

THE REMAINDER OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read this Red Herring Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations, 2009**").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("**RHP**")/ Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

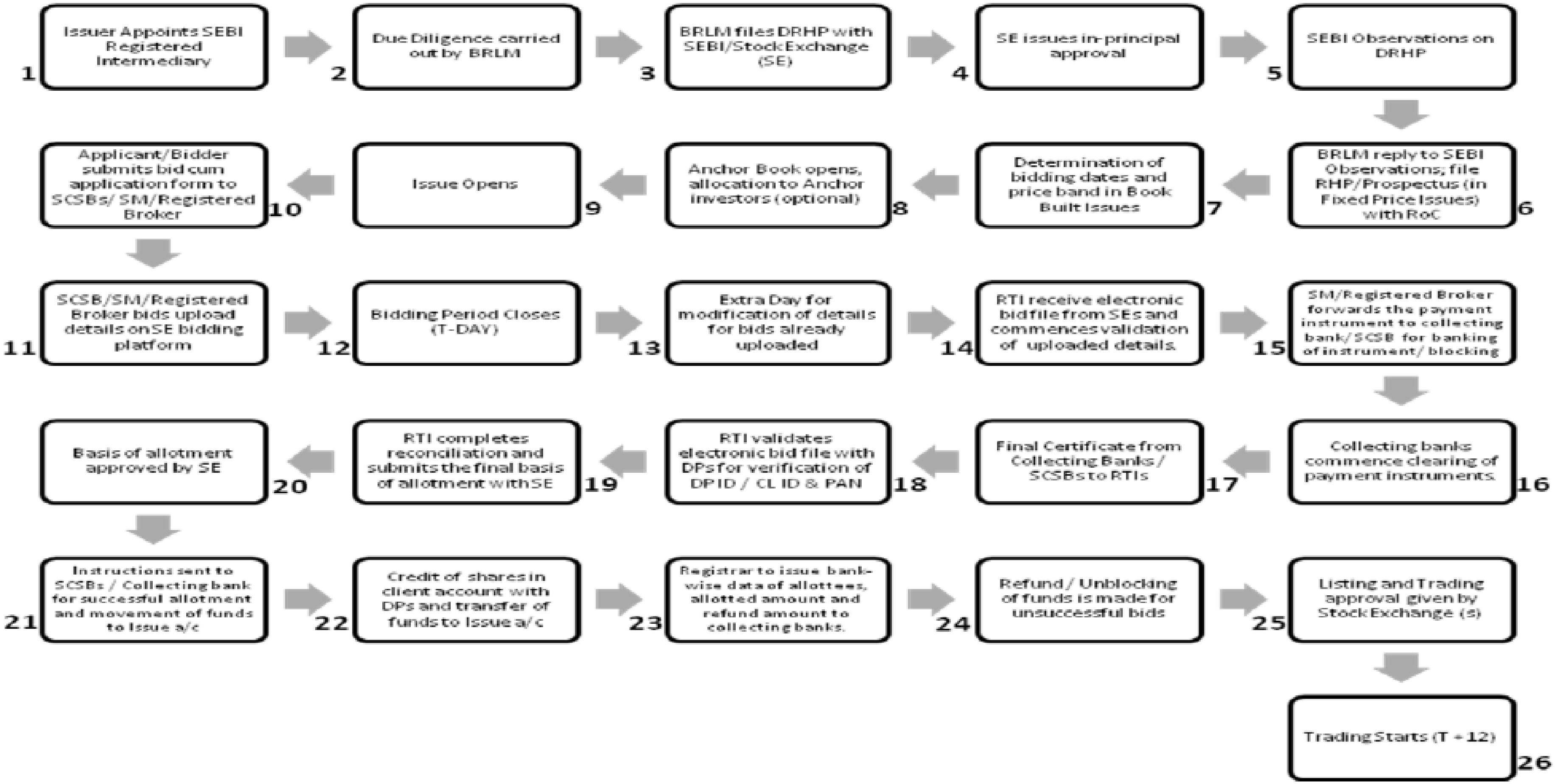
    i. Step 7 : Determination of Issue Date and Price

    ii. Step 10: Applicant submits ASBA Application Form with Designated Branch of SCSB and Non-ASBA forms directly to collection Bank and not to Broker.

    iii. Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform

    iv. Step 12: Issue period closes

    v. Step 15: Not Applicable


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchange (SE)
4 SE issues in-principal approval
5 SEBI Observations on DRHP
6 BRLM reply to SEBI Observations; file RHP/Prospectus (in Fixed Price Issues) with RoC
7 Determination of bidding dates and price band in Book Built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to SCSBs/ SM/Registered Broker
11 SCSB/SM/Registered Broker bids upload details on SE bidding platform
12 Bidding Period Closes (T-DAY)
13 Extra Day for modification of details for bids already uploaded
14 RTI receive electronic bid file from SEs and commences validation of uploaded details
15 SM/Registered Broker forwards the payment instrument to collecting bank/SCSB for banking of instrument/ blocking
16 Collecting banks commence clearing of payment instruments
17 Final Certificate from Collecting Banks / SCSBs to RTIs
18 RTI validates electronic bid file with DPs for verification of DP ID / CL ID & PAN
19 RTI completes reconciliation and submits the final basis of allotment with SE
20 Basis of allotment approved by SE
21 Instructions sent to SCSBs / Collecting bank for successful allotment and movement of funds to Issue a/c
22 Credit of shares in client account with DPs and transfer of funds to Issue a/c
23 Registrar to issue bank-wise data of allottees, allotted amount and refund amount to collecting banks.
24 Refund / Unblocking of funds is made for unsuccessful bids
25 Listing and Trading approval given by Stock Exchange (s)
26 Trading Starts (T + 12)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FII's, FPIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Qualified Foreign Investors subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- FPIs other than Category III foreign portfolio investors bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified cum Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, QFIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants bidding/applying in the reserved category	[As specified by the Issuer]

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

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COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - R

FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE
IN

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S/AGENT'S STAMP & CODE
ESCROW BANK / SCSB BRANCH STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE
BANK BRANCH SERIAL NO.	REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 | 6 | 5 | 4 | 3 | 2 | 1	4 | 3 | 2 | 1	4 | 3 | 2 | 1	4 | 3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. Category

☐ Retail Individual
☐ Non-Institutional
☐ QIB

6. Investor Status

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VC
☐ Others (Please specify) - OTH

** HUF should apply only through Karta (Application by HUF would be treated on par with Individual)*

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS ☐ Full Payment ☐ Part Payment

Amount Paid (₹ in figures) (₹ in words)

☐ **(A) CHEQUE/ DEMAND DRAFT (DD)**

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

☐ **(B) ASBA**

Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT

Date : ____________, 2011

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (For ASBA option ONLY)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures)

Bank & Branch

Cheque / DD/ASBA Bank A/c No.

Stamp & Signature of Banker

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - NR

FOR ELIGIBLE NRIs, FIIs, FVCI, ETC., APPLYING ON A REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE

INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S/AGENT'S STAMP & CODE
ESCROW BANK / SCSB BRANCH STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE
BANK BRANCH SERIAL NO.	REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

6. Investor Status

NRI	Non-Resident Indian (Repatriation basis)
FII	Foreign Institutional Investor
FVCI	Foreign Venture Capital Investor
FIISA	FII Sub Account Corporate / Individual
OTH	Others (Please Specify)

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures): Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 | 6 | 5 | 4 | 3 | 2 | 1	4 | 3 | 2 | 1	4 | 3 | 2 | 1	4 | 3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. Category

☐ Retail Individual

☐ Non-Institutional

☐ QIB

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS ☐ Full Payment ☐ Part Payment

Amount Paid (₹ in figures) (₹ in words)

☐ (A) CHEQUE/ DEMAND DRAFT (DD)

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

☐ (B) ASBA

Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (For ASBA option ONLY)	BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : ______________, 2011	3)	

TEAR HERE

XYZ LIMITED

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures) Bank & Branch

Cheque / DD/ASBA Bank A/c No.

Stamp & Signature of Banker

Received from Mr./Ms.

Telephone / Mobile Email

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Acknowledgement Slip for Bidder

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications(including refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders/Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders All payments may be made out in favor of the Bidder/Applicant whose name appears in the Bid cum Application Form/Application Form or the Revision Form and all communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/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.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 **FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs.15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed Rs. 200,000.

In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to Rs. 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least Rs.10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Issue size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e)).

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5 : CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) All Bidders are required to make payment of the full Bid Amount (net of any Discount, as applicable) along-with the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.

(c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.

(d) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").

(e) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for non-ASBA Bidders:**

(a) Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange. The details of Broker Centres along with names and contact details of the Registered Brokers are provided on the websites of the Stock Exchanges.

(b) **For Bids made through a member of the Syndicate**: The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the members of the Syndicate at Specified Locations.

(c) **For Bids made through a Registered Broker:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the Registered Broker.

(d) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.

(e) 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 Bid cum Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(f) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date.

(g) Bidders are advised to provide the number of the Bid cum Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.1.7.2 **Payment instructions for ASBA Bidders**

(a) ASBA Bidders may submit the Bid cum Application Form either

i. in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account, or

ii. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

iii. in physical mode to a member of the Syndicate at the Specified Locations, or

iv. Registered Brokers of the Stock Exchange

(b) ASBA Bidders may specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) **ASBA Bidders bidding through a member of the Syndicate** should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified locations. ASBA Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified locations may not be accepted by the Member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

(g) **ASBA Bidders bidding through a Registered Broker** should note that Bid cum Application Forms submitted to the Registered Brokers may not be accepted by the Registered Broker, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms.

(h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 12 Working Days of the Bid/Issue Closing Date.

4.1.7.3 **Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by a member of the Syndicate, Registered Broker or SCSB, as applicable, for submission of the Bid cum Application Form.

(b) Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.

(c) All communications in connection with Bids/Applications made in the Issue should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.

ii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.

iv. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker

v. Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.

(d) The following details (as applicable) should be quoted while making any queries –

i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.

ii. name and address of the member of the Syndicate, Registered Broker or the Designated Branch, as the case may be, where the Bid was submitted or

iii. In case of Non-ASBA bids cheque or draft number and the name of the issuing bank thereof

iv. In case of ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:

COMMON BID REVISION FORM FOR ASBA / NON-ASBA | **XYZ LIMITED - PUBLIC ISSUE - R** | **FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS**

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE
INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER'S/AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE

BANK BRANCH SERIAL NO. | REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (as per last Bid or Revision)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures): Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 6 5 4 3 2 1	4 3 2 1	4 3 2 1	4 3 2 1	
Option 1	OLD BID				☐
(OR) Option 2					☐
(OR) Option 3					☐

5. TO (Revised Bid)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures): Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 6 5 4 3 2 1	4 3 2 1	4 3 2 1	4 3 2 1	
Option 1	REVISED BID				☐
(OR) Option 2					☐
(OR) Option 3					☐

6. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) | PAYMENT OPTIONS ☐ Full Payment ☐ Part Payment

Additional Amount Paid (₹ in figures) (₹ in words)

☐ (A) CHEQUE/ DEMAND DRAFT (DD)
Cheque/DD No. Dated D D M M Y Y
Drawn on (Bank Name & Branch)

☐ (B) ASBA
Bank A/c No.
Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid revision Form given overleaf.

7A. SIGNATURE OF SOLE/ JOINT APPLICANT(S)
Date : ____________, 2011

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY)
I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue
1)
2)
3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED BID REVISION FORM | **Acknowledgement Slip for Syndicate Member / SCSB** | Bid cum Application Form No.

DPID / CLID | PAN

Additional Amount Paid (₹) | Bank & Branch | Stamp & Signature of Banker
Cheque / DD/ASBA Bank A/c No.
REVISED BID
Received from Mr./Ms.
Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED BID REVISION FORM

	Option 1	Option 2	Option 3
No. of Equity Shares	REVISED BID		
Bid Price			
Additional Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.
Bank & Branch

Acknowledgement of Sydicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE — PLEASE FILL IN BLOCK LETTERS — TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders or refunded from the Escrow Account in case of non-ASBA Bidder.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) With respect to the Bids, other than Bids submitted by ASBA Bidders/Applicants, any revision of the Bid should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the Bid.

(b) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(c) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.

(e) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(f) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders/Applicants or refunded from the Escrow Account in case of non-ASBA Bidder/Applicant.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs.15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed Rs. 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Issue size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:

i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.

ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 FIELD NUMBER 5 : CATEGORY OF APPLICANTS

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 FIELD NUMBER 6: INVESTOR STATUS

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 FIELD 7: PAYMENT DETAILS

(a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.

(b) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").

(c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

4.3.5.1 **Instructions for non-ASBA Applicants:**

(a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).

(b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).

(c) If the cheque or demand draft accompanying the Application Form is not made favoring the Escrow Account, the form is liable to be rejected.

(d) 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. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.

(f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.3.5.2 **Payment instructions for ASBA Applicants**

(a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.

(b) ASBA Applicants may specify the Bank Account number in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) ASBA Applicants bidding 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.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.3 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

4.3.5.4 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Non-ASBA Application	1) To members of the Syndicate at the Specified Locations mentioned in the Bid cum Application Form 2) To Registered Brokers
ASBA Application	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres (b) To the Designated branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should not submit the bid cum application forms/ Revision Form directly to the escrow collection banks. Bid cum Application Form/ Revision Form submitted to the escrow collection banks are liable for rejection.

(b) Bidders/Applicants should submit the Revision Form to the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid.

(c) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(d) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Issue Period, ASBA Bidders/Applicants may approach the members of the Syndicate at the Specified Cities or any of the Registered Brokers or the Designated Branches to register their Bids. Non-ASBA Bidders/Applicants who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or any of the Registered Brokers, to register their Bid.

(b) Non-ASBA Bidders/Applicants (RIIs, Employees and Retail Individual Shareholders) bidding at Cut-off Price may submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount less discount (if applicable) based on the Cap Price with the members of the Syndicate/ any of the Registered Brokers to register their Bid.

(c) In case of ASBA Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the ASBA Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable). ASBA Bidders/Applicants may approach the members of the Syndicate or any of the Registered Brokers or the Designated Branches to register their Bids.

(d) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Syndicate, the Registered Brokers and the SCSBs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, the Registered Brokers and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Issue Closing Date, the Syndicate, the Registered Broker and the Designated Branches of the SCSBs may upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The members of the Syndicate, the Registered Brokers and the SCSBs are given up to one day after the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Syndicate, Registered Brokers and the SCSBs may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Issue Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/Issue Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until finalization of Basis of Allotment. In case a RII applying through the ASBA process wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned SCSB or the Syndicate Member or the Registered Broker, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) In case a RII wishes to withdraw the Bid after the Bid/Issue Period, the same can be done by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The members of the Syndicate, the Registered Broker and/or SCSBs are individually responsible for the acts, mistakes or errors or omission in relation to

i. the Bids accepted by the members of the Syndicate, the Registered Broker and the SCSBs,

ii. the Bids uploaded by the members of the Syndicate, the Registered Broker and the SCSBs,

iii. the Bid cum application forms accepted but not uploaded by the members of the Syndicate, the Registered Broker and the SCSBs, or

iv. With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the (i) authorised agents of the BRLMs, (ii) Registered Brokers, or (iii) SCSBs, or (iv) Collection Bank(s), or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications by OCBs; and

(c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

(e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(h) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(k) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(l) Bids/Applications at Cut-off Price by NIIs and QIBs;

(m) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids/Applications by ASBA Bidders, the amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(o) In relation to ASBA Bids/Applications, submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(p) Bids/Applications for a Bid/Application Amount of more than Rs. 200,000 by RIIs by applying through non-ASBA process;

(q) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(s) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue

Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(t) With respect to ASBA Bids/Applications, inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;

(u) Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

(v) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;

(w) Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);

(x) ASBA Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;

(y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in Retail category is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.

(c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 20 to Rs. 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., Rs. 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below Rs. 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Syndicate Members/SCSB and/or Bankers to the Issue or Registered Broker.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer subject to compliance with the following requirements:

i. not more than 60% of the QIB Portion will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to Rs.10 crores;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than Rs.10 crores and up to Rs.250 crores subject to minimum allotment of Rs.5 crores per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than Rs.250 crores subject to minimum allotment of Rs.5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per

Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within 12 Working Days of the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant’s depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Bid/Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than Rs.5 lakhs but which may extend to Rs.50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs.50,000 but which may extend to Rs.3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not repaid within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, the Issuer may forthwith, without interest refund the entire subscription amount received. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time, then the Issuer and every director of the Issuer who is an officer in default may be liable to repay the money, with interest at the rate of 15% per annum.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.

(b) **In case of Non-ASBA Bid/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Bidders/Applicants and also for any excess amount paid on Bidding/Application, after adjusting for allocation/ allotment to Bidders/Applicants.

(c) In case of non-ASBA Bidders/Applicants, the Registrar to the Issue may obtain from the depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders/Applicants in their Bid cum Application Forms for refunds. Accordingly, Bidders/Applicants are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Bidders/Applicants' sole risk and neither the

Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Bidders/Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

(d) In the case of Bids from Eligible NRIs, FIIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. 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 may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants

The payment of refund, if any, may be done through various modes as mentioned below:

(a) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Bidders/Applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Bidders/Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **Direct Credit**—Bidders/Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

(d) **RTGS**—Bidders/Applicants having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

(e) For all the other Bidders/Applicants, including Bidders/Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Bidders/Applicants may refer to RHP/Prospectus.

8.3.2 Mode of making refunds for ASBA Bidders/Applicants

In case of ASBA Bidders/Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

8.4 INTEREST IN CASE OF DELAY IN DESPATCH OF ALLOTMENT LETTERS/REFUND ORDERS IN CASE OF PUBLIC ISSUES

The Issuer may pay interest at the rate of 15% per annum if 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 Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA
Banker(s) to the Issue/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid /Issue Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Closing Date
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount

Term	Description
Bid cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Lead Manager(s)/Lead Manager/ LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
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 may Allot Equity Shares to successful Bidders/Applicants in the fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof

Term	Description
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than Rs.200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs, QFIs and FVCIs
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961

Term	Description
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least two working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 1956 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
Qualified Foreign Investors or 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 and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/ Categories	Categories of persons eligible for making application/bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than Rs.200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than Rs.200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992

Term	Description
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Issue (excluding Bids from ASBA Bidders/Applicants)
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India

SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures, their consolidation or splitting are as provided below. Each provision below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

PRELIMINARY

Table "A" not to apply

2. Save as provided herein the regulations contained in Table "A" in Schdule-1 of the Act shall not apply to the company.

SHARES

Share Capital

3. The Authorised Share Capital of the Company such as mentioned in clause V of the Memorandum of Association of the company and the same shall be increased or decreased, divided or sub divided into such shares as mentioned in clause V of the Memorandum of Association

4. The Company shall have power to increase the capital from time to time and divided the same into several classes subject to the Section 106 of the Act.

5. Subject to the provisions of Section 62 of the Companies Act, 2013, and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 53 of the Companies Act, 2013) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting.

5A. Where at any time, it is proposed to increase the subscribed capital of the Company by issue/allotment of further shares either out of unissued capital or increased share capital, then:

(a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date, by sending a letter of offer thereto;
(b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time being not less than fifteen (15) days and not exceeding thirty (30) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right Provided that the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him;.
(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them as it may, in its sole discretion deem fit, provided that such is done in such manner as is not disadvantageous to the shareholders and the Company.
(e) Such shares may also be offered to employees under a scheme of employees' stock option, subject to special resolution passed by the Company, and subject to such conditions as may be prescribed under applicable law.

5B. Notwithstanding anything contained in Article 5A, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) or clause (e) of Article 5A) in any manner whatsoever if a special resolution to that effect is passed by the Company in a general meeting, or where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

5C. Nothing in sub-clause (c) of Article 5A shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

5D. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares in the Company, provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debenture or the raising of loan by a special resolution passed by the Company in general meeting.

Issue of shares at a Discount

6. Subject to the provisions of the Act, it shall be lawful for the company to issue at a discount, shares of a class already issued

Commission for placing shares

7. The company may subject to compliance with the provisions of Section 76 of the act, exercise the power of paying commission on issue of shares and debentures. The commission may be paid or satisfied in cash or shares, debentures stock of the company.

Brokerage

8. The company may pay a reasonable sum of brokerage, subject to the ceiling prescribed under the Act.

CALLS

Calls

15. The Directors may, from time to time, subject to the terms on which any share may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotments thereto, made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Directors. A call may be made payable by installments.

When call deemed to have been made

16. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.

Notice of call

17. Not less than 30 days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

Amount payable

18. If by the terms of issue of share or otherwise, the whole or part of the amount of the issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount or issue price or installments thereof shall be payable as if it were a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or installments accordingly.

Interest to be charged on non-payment of calls

19. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of 12 percent per annum, from the day appointed for the payment thereof to the actual payment or at such other rate as the directors may determine but they shall have power to waive the payment thereof wholly or in part.

Evidence in actions by Company against shareholders

20. On the trial or hearing of any action or suit brought by the Company against any member of his representative to recover an debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when they arose, on the Register of the Company as a holder, or one of the holders of the number of the Company as holder, or one of the holders of the number of the shares in respect of which such claim is made that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of company and shall not be necessary to prove the appointment of the Directors who made any call, not that a quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other mater, whatsoever, but the proof of the maters aforesaid shall be conclusive evidence of the debt.

Payments of calls in advance

21. The Board of Directors may, if they think fit, subject to the provisions of Section 50 of the Companies Act, 2013, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof, as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, not exceeding, unless the Company in a general meeting shall otherwise direct, 12% per annum, as the member paying such sum in advance and the Directors agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE AND LIEN

Notice may be given for calls or installment not paid

22. If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the directors may at any time, thereafter, during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same together with any interest that may have accrued and expenses that may have been incurred by the Company by reasons of such non-payment.

Form of notice

23 The notice shall name a day (not being less than 30 days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at place or places appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

If notice not complied with shares may be forfeited

24. If the requirement of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given, may at any time thereafter, before payment of all calls or installments interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeiture. Neither the receipt by the company of a portion of any money which shall, from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest , nor any indu7lgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

Notice after forfeiture

25. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof shall forthwith be made in the Register, but no forfeiture shall be in any manner be invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited shares to become property of the Company

26. Any share so forfeited shall be deemed to be property of the Company, and the Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.

Power to annul forfeiture

27. The Directors may, at any time before any share so forfeited shall not be sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such condition as they think fit.

Arrears to be paid notwithstanding forfeiture

28. Any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and the expenses, owing upon or in respect of such shares, at the time of all installments, interest and the forfeiture together with interest thereupon, from the time of the forfeiture until payment at 12 percent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction of allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so.

Effect of forfeiture

29. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the shares except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

30. A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof, shall constitute a given title to such shares.

Company's lien on shares

31. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) to the extent of moneys called or payable in respect thereof, and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of

shares/debentures shall operate as a waiver of the Company's lien, if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

Intention as to enforcing lien by sale

32. For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his committee, curator bonis or other person recognized by the Company as entitled to represent such member and default shall have been made by him or then in the payment of the sum payable of the sum payable as aforesaid for thirty days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member, and the residual (if any) paid to such member, his executors, administrators, or other representatives or person so recognized as aforesaid.

Validity of shares

33. Upon an sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the directors may appoint some persons to execute an instrument of transfer of the shares sold and cause the purchaser’s name to be entered in the Register in respect of the shares shall not affected by any irregularity or invalidity in the proceedings in reference to such forfeiture sale or disposition, nor impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively.

Power to issue new certificate

34. Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holder of the said shares, the Directors may issue new certificate in lieu of certificate not so delivered up.

TRANSFER AND TRANSMISSION OF SHARES

Execution of transfer etc.

35. Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to the Company together with the certificate or certificates of shares, or if no such certificate is in existence alongwith the Letter of allotment of shares. The instrument of transfer of any shares be signed by both on behalf of the transferor and by or on behalf of transferees and the transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the Register in respect thereof. A common form of transfer shall be used in case of transfer of shares. The instrument of transfer of share shall be in writing and all provisions of Section 56 of the Companies Act, 2013 (and any statutory modification thereof for the time being) shall be duly complied with in respect of all transfers of shares and the registration thereof.

Application for transfer

36. Application for the registration of the transfer of a share may be made either by the transferor of the transferor provided that, where such application is made by the transferor, no registration shall, in the case of partly paid share be effected unless the Company gives notice of the application to the transferee in the manners prescribed by the Act, and subject to the provisions of Articles 8, 37 and 38 hereof, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

Notice of transfer to registered holder

37. Before registering any transfer tendered for registration, the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that,

unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within seven days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer.

Register of transfer

38. The Company shall keep a “Register of transfer” and therein shall be fairly and distinctly entered particulars of every transfer of any share.

In what case to decline to register transfer of shares

39. Subject to the provision of Sections 58 and 59 of the Companies Act, 2013, these Articles and other applicable provisions of the Companies Act, 2013 or any other Law for the time being in-force, the Board of Directors may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmissions by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date of which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmissions, as the case may be, giving reason for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares. Transfer of shares/debentures in whatever lot shall not be refused.

A. ‘No transfer shall be refused for the reasons other than the ground of the reasons mentioned in clause ‘C’ of Sub-section 4 of Sections 22(a) of Securities Contracts (regulation) Act, 1956”.

No transfer to minor, etc.

40. (1) No transfer shall be made to minor or a person of unsound mind.

No fee for registration for transfer etc.

(2) No fee shall be changed for registration of transfer, grant of probate, grant of letter of administration, certificate of death or marriage, Power of Attorney or similar other instrument.

When instrument of transfer to be retained

41. All instruments of transfer duly approved shall be retained by the Company and in case of refusal, instrument of transfer shall be returned to the person who lodges the transfer deeds.

Notice of refusal to register transfer

42. If the Directors refuse to register the transfer of any shares, the Company shall within one month from the date on which the instrument of transfer was lodged with the Company or intimation given, send to the transferor and the transferee of the person giving intimation of such transfer notice of such refusal.

Power to close transfer books and register

43. On giving seven days notice by advertisement in a newspaper circulating in the District in which the office of the Company is situated the Register of Members may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.

Transmission of registered shares

43. On giving seven days notice by advertisement in a newspaper circulating in the District in which the office of the Company is situated the Register of Members may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.

Transmission of registered shares

44. The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (Not being one of several joint-holders) shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such member, and in case of the death of any one or more of the joint-holders of any registered shares, the survivor shall be the only person recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognizing any legal representative, or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate, or other legal representation, as the case may be, from a competent court, provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.

As to transfer of shares of deceased or insolvent members

45. Any person becoming entitled to or to transfer shares in consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this article, or of his title as the Directors think sufficient may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may subject to the regulations as to transfer herein before contained, transfer such shares.

Transmission Article

This article is herein after referred to as "The Transmission Article." Subject to any other provision of these Articles if the person so becoming entitled to share under this or the last preceding Article shall elect to be registered as a member in respect of the share himself.

Notice of election to be registered

He shall deliver or send to the company a notice in writing signed by him stating that he so elects. If he shall elect to transfer to some other person, he shall execute an instrument of transfer in accordance with the provisions of these Articles relating to transfer of shares.

Provisions of AOA relating to transfer applicable

All the limitations, restrictions and provisions of the Articles relating to the rights to transfer and the registration of transfer of shares shall be applicable to any such notice of transfer as aforesaid.

Rights of executors and trustees

46. Subject to any other provisions of these Articles if he Directors in their sole discretion are satisfied in regard thereof, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other moneys payable in respect of the share.

47. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies act, 1956 and of any statutory modification thereof, for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.

Nomination of shares

48. i) Every holder / Joint holder of shares in or Debentures of the Company may at any time, nominate, in accordance with provisions of and in the manner provided by Section 109a of the Companies Act, 1956 and any amendments thereof from time to time, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of the holder / all the joint holders.

ii) Subject to the provisions of Section 109A of the Act and Clause (i) above, any person who become a nominee by virtue of the provisions of the Act, upon the production of such evidence as may be required by the Board or any committee thereof, elect either to be registered himself as holders of the shares or debentures as the case may be, or make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the may be , could have made in accordance with the provisions of and in the manner prescribed by section 109B of the Companies Act, 1956 and any amendments thereof from time to time.

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 or debenture and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, unit the requirement of the notice have been complied with.

STOCKS

50. The Company may exercise the power of conversion of its shares into stock and in that case regulation 37 of the Table “A” in Schedule 1 to the Act shall apply

ALTERATION OF CAPITAL

Power to subdivide and consolidate

51. The Company may by ordinary resolution from time to time alter the condition of the Memorandum Association as follows:

a) Increase the Share Capital by such amount to be divided into shares of such amount as may be specified in resolution.

b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.

c) Sub-divide its existing shares or any of them into its shares of smaller amount than is fixed by the memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced shares shall be the same as it was in the share from which the reduced share is derived, and.]

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 and diminish the amount of its share capital by the amount of the shares so cancelled.

Surrender

52. Subject to the provisions of Section 100 to 104 (inclusive of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.

MODIFICATION OF RIGHTS

Power to modify rights

53. If any time the chase 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 class0 may whether or not the company is being wound up, be carried with consent in writing of the holders of three-fourth 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. To every such Separate Meeting the provisions of the Articles relating to general meeting shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum and that any holder of shares of the class present in person or proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is the holder. The Company shall comply with the provisions of Section 192 of the Act, as to forwarding a copy of any such agreement or resolution to the Registrar.

BORROWING POWER

Power to borrow

54. The Board may, from time to time, at its discretion, subject to the provisions of Section 292 and 293 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of moneys for the purpose of the Company.

Conditions on which money may be borrowed

55. The Board may raise or secure the re-payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds, perpetual or redeemable debentures or debentures-stock, or any mortgage, or other security on the undertaking of the whole or of the property of the Company (both present and future), including its uncalled capital for the time being, provided that debentures with the rights to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting and subject to the provisions of the Act.

Issue at discount etc. or with special privileges

56. Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise, Debentures, debenture-stock, bonds and other securities, may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Instrument of transfer

57. Save as provided in Section 108 of the Act, no transfer of Debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificate of debentures.

58. If the Board refuses to register the transfer of any debentures, the Company shall, within two months form the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor of the refusal.

RESERVE

Capitalisation

60. Any General Meeting may resolve that the whole or any part of the undivided profits of the Company (which expression shall include any premiums received on the issue of shares and any profits or other sums which have been set-aside as a reserve or reserves or have been carried forward without being divided) be capitalized and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized amount be applied on behalf of such members in paying up in full any unused shares of the Company which shall be distributed accordingly or in or towards payment of the uncoiled liability on any issued shares and that such distribution or payment shall be accepted by of such members in full satisfaction of their interest in the said capitalized amount. Provided that any sum standing to the credit of a share premium account or a capital redemption reserve account may, for the purpose of this Article only be applied in the paying up of unused shares to be issued to members of the company as fully paid bonus shares.

Fractional Certificate

61. For the purpose of giving effect to any resolution under two last proceeding Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificate, and may determine that cash payments shall be made to any members in order to adjust the rights of all parties and may vest such cash in trustees upon such trusts for the persons entitled to the dividend or capitalized funds as may seem expedient to the Directors.

Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalize fund and such appointment shall be effective.

GENERAL MEETINGS

Extra Ordinary General Meeting

62. The Directors may, whenever they think fit, call an Extraordinary General Meeting provided however if at any time they are not in India Directors capable of acting who are sufficient in number to form a preceding any Directors present in India may call on an Extra Ordinary General Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.

Calling of extra ordinary General Meeting on requisition

63. The Board of Directors of the Company shall, on the requisition of such member or members of the company, as is specified in Sub-section (4) of the Section 169 of the Act forthwith proceed to call an extra ordinary general meeting of the company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the other provision of Section 169 of the Act and of any statutory modification thereof for the time being shall apply.

Quorum

64. The quorum for a general meeting shall be five members present in person.

Chairman

65. At every, General Meeting, the chair shall be taken by the Chairman of the Board of Directors. If at any meeting the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or, though present be unwilling to act as chairman, the members present shall choose one of the Directors present to be Chairman or if no Directors shall be present and willing to take the Chair then the members present shall choose one of their member, being a member entitled to vote, to be Chairman.

Sufficiency of ordinary resolutions

66. Any act or resolution, which, under the provisions of this article or of the Act, is permitted, shall be sufficiently so done or passed if effected by an Ordinary Resolution unless either the act or the articles specifically require such act to be done or resolution passed by a Special Resolution.

When quorum not present, meeting to be dissolved and when adjourned

67. If within half-an-hour form the time appointed for the meeting, a quorum be not present, the meeting if convened upon a requisition of shareholders, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, unless the same shall be a public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting a quorum be not present within half-an-hour from the time appointed for the meeting, those members, who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.

How questions or resolutions decided at meetings

68. In the case of an equality of votes the Chairman shall both on a show of hands and a poll have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Power to adjourn General Meeting

69. The Chairman of a General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

It shall not be necessary to give notice to the meeting of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.

70. (1) Before or on the declaration of the result of the voting on any resolution on a show of hands, poll may be ordered to be taken by the Chairman of the Meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(2) The demand for a poll may be withdraw at any time by the person or persons who made the demand.

Business may proceed not notwithstanding demands of poll

71. If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

VOTES OF MEMBERS

73. 1) On a show of hands every member present in person and being a holder of equity shares shall have one vote and every person present either as a proxy on behalf of a holder of equity shares or as a duly authorized representative of a body corporate being a holder of equity shares, if he is not entitled to vote in his own rights, shall have on vote.

2) On a all the voting rights of a holder of Equity shares shall be as specified in Section 87 of the Act.

3) The voting rights of the holders of the Preference Shares including the Redeemable Cumulative preference shares shall be in accordance with the provisions of Section 87 of the Act.

4) No Company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under Section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered

Votes in respect of deceased insolvent and insane members

74. A person becoming entitled to a share shall not, before being registered as a member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to meetings of the Company.

If any member be a lunatic or idiot, he may vote whether on a show or hands or at a poll by his committee, or other legal curator and such last mentioned persons may give their votes by proxy provided that twenty four hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote, he shall satisfy the Board of his rights under this Article unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Joint-holders

75. Where there are joint holders of any share, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto, and if more than one of such joint-holders be present at any meeting either personally of by proxy than that one of the said persons so present whose name stands prior in order on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed join-holders thereof.

Instrument appointing proxy to be in writing

76. The instrument appointing a proxy shall be in writing under the hand of the appointer of or his Attorney duly authorized in writing or if such appointer is a Corporation under its Common Seal or the hand of its Attorney

Instrument appointing proxy to be deposited at the office

77. The instrument appointing a proxy and the power of Attorney or other authority (if any under which it is signed or a notarily certified copy of that power of authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting

When vote by proxy valid though authority revoked

78. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote in which the vote is given. Provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office or by the Chairman of the meeting before the vote is given. Provided nevertheless that the Chairman of any meting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Form of instrument appointing proxy

79. Every instrument appointing a proxy shall, as nearly as circumstances will admit, be in the forms set out in Schedule IX to the Act.

Validity of votes

80. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.

Restrictions on voting

81. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has and has exercised any right or lien.

DIRECTORS GENERAL PROVISIONS

Power of Directors to add its numbers

84. The Directors shall have power at any time and from time to time to appoint any person as a Director as an addition to the directors, so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles, any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall be eligible for re-election.

Share qualification

85. A Director shall not be required to hold any share qualification

Remuneration of Directors

86. Each Director shall be entitled to be paid out of the funds of the company by way of remuneration for his services not exceeding such sum as prescribed under the provisions of the Companies Act, 19567 or by the Central Government from time to time as may be fixed by Directors from time to time for every meeting of the Board of Directors attended by him.

Subject to the provisions of the Companies Act, the Director shall also be entitled to receive in each year a Commission @1% of the net profits of the Company, such commission to be calculate on the net profit of the Company, to be computed in accordance with the provisions of the Companies Act, 1956 and such commission shall be divided among the Directors in such proportion and manner as may be determined by them.

The directors may allow and pay to any Director who for the time being is resident out of the place at which any meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting sum as the directors may consider fair and reasonable for his expenses in connection

With the attending at the meeting in addition to his remuneration as above specified. If any director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for any of the purposes of the Company, then subject to Section 198, 309, 310 and 314 of the Act, the Board may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled to.

Continuing Directors may act

87. The Continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number above fixed the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting, act so long as the number is below the minimum.

APPOINTMENT OF DIRECTORS

Board may fill up Casual vacancies

90. If any Director appointed by the Company in General Meeting vacates office of a Director before his term of office will expire in normal course the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Directors would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Section 284 of the Act.

91. However, a person who is not a retiring director shall, subject to the provisions of the Companies act, 1956 be eligible for appointment to the office of director at any general meeting. If he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidate for the office of director or the intention of such member to propose him as a candidate for that office, as the case may be alongwith a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a director.

Nominee Directors

92. The Company shall subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the company upon such terms and conditions as the Company may deem fit. The Corporation, firm or person shall be entitled from time to time to remove any such Director or Directors and appoint another or others in his or their places. He shall be entitled to the same right and privileges and be subject to the same obligation as any other Director of the company.

Alternate Directors

93. Subject to provisions of Section 31 of the Act, the Board may appoint any person to act as an alternate director for a director during the latter's absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate directors, shall be entitled to Notice of Meetings of the Board and to attend and vote there at accordingly, but he shall ipso-facto vacate office if and / when the absent Alternate Director vacates office as a Director

ROTATION OF DIRECTORS

Rotation of Directors

94. 1) Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

2) At each Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office.

3) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall in default of and subject to any agreement among themselves be determined by lot.

4) If at any Annual General Meeting all the Directors appointed under Article 87 and 108 hereby are not exempt from retirement by rotation under Section 255 of the Act then to the extent permitted by the said section the exemption shall extend to the Director or Directors appointed under Article 87, Subject to the foregoing provisions as between Directors appointed under any of the Articles referred to above, the Director or Directors who shall not be liable to retire by rotation shall be determined by and in accordance with their respective seniorities as may be determined by the Board.

Retiring Director eligible for re-election

95. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.

96. Subject to any resolution for reducing the number of Directors, if at any meeting at which an election of Directors ought to take place, the places of the retiring Directors not filled up; the meeting shall stand adjourned till the next succeeding day, which is not a public holiday at the same time and place and if at the adjourned meeting, the places of the retiring Directors are not filled up, the retiring Directors or such of them as have not had their places filled up shall (if willing continue in office) be deemed to have been re-elected at the adjourned meeting.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

97. The Directors to may meet together of the dispatch of business, adjourned and otherwise regulate their meetings and proceedings as they think fit. Notice in writing of every meeting of the Directors shall ordinarily be given by a Director or such other officers of the Company duly authorized in this behalf to every Director for the time being in India and at his usual address in India.

Quorum

98. The quorum for a meeting of the Directors shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Directors, it shall be adjourned until such date and time, as the Directors present shall appoint.

Summoning of meeting of Directors

99. The Secretary may at any time, and upon request of any two Directors shall summon a meeting of the Directors.

Voting at meeting

100. Subject to the provisions of Section 2316, 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, each Director having one vote and in case of an equality of votes, the Chairman shall have a second or casing vote.

Chairman of meeting

101. The Chairman of the Board of Directors shall be the Chairman of the meeting of Directors. Provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting.

Act of meeting

102. A meeting of directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the articles of the Company and the act for the time being vested in or exercise able by the Directors generally.

To appoint Committee and to delegate power and to revoke it

103. The Directors may subject to compliance of the provisions of the Act from time to time delegate any of their powers to committee consisting of such member or members of their body as they think fit, and may from time to time revoke such delegation. Any Committee so formed shall in the exercise of powers so delegated confirm to any regulations that may from time to time be imposed on it by the Directors. The meeting and proceedings of any such committee, if consisting of two or more members, shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under this Article.

Validity of Acts

104. All acts done at any meeting of Directors or of a Committee of the Directors or by any person acting as a Director shall be valid not withstanding that it be afterwards discovered that there was some defect in the appointment of any such director Committee or person acting as aforesaid or that they or any of them were disqualified.

Resolution by circulation

105. Except a resolution, which the Companies Act requires, it specifically to be passed in a board meeting a resolution may be passed by the Directors or Committee thereof by circulation in accordance with the provisions of Section 289 of the Act.

And such minutes of any meeting of Directors or of any committee or of the Company if purporting to be signed by the Chairman of the such meeting or by the Chairman of next succeeding meeting shall be receivable as prima facie evidence of the matters in such minutes.

POWERS OF DIRECTORS

General powers of the Company vested in the Directors

106. Subject to provisions of the Act, the control of the Company shall be vested in the Directors who-shall be entitled to exercise all such powers and to do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly required or directed to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of these presents from time to time made by the Company in General Meeting; provided that no regulation so made shall invalidate any prior act of the directors which would have been valid if such regulations had not been made.

Power to delegate

107. Without prejudice to the general powers conferred by the preceding article, the Directors may from time to time and at any time subject to the restrictions contained in the Act, delegate to managers, secretaries,

officers, assistants and other employees or other persons (including any firm or body corporate) any of the powers authorized and discretions for the time being vested in the Directors.

Power to authorize sub-delegation

108. The Directors may authorize any such delegate or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

Signing of Documents

109. All deeds, agreements and documents and all cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted or endorse or otherwise executed, as the case may be by such persons (including any firm or body corporate) whether in the employment of the Company or not and in such manner as the Directors shall from time to time by resolution determine.

Management abroad

110. The Directors may make such arrangement as may be thought fit for the management of the Company's affairs abroad, and may for this purpose (without prejudice to the generality of their powers) appoint local bodies and agents and fix their remuneration, and delegate to them such powers as may be deemed requisite or expedient. The foreign seal shall be affixed by the authority and in the presence of and instruments sealed therein shall be singed by such persons, as the Directors shall from time to time by writing under the common seal appoint. The Company may also exercise the powers of keeping Foreign Registers. Such regulations not, being inconsistent with the provisions of Section 157 and 158 of the Act, the Board may from time to time make such provisions as it may think fit relating thereto and may comply with the requirements of any local law.

Manager or Secretary

111. A manager or secretary may be appointed by the Directors on such terms, at such remuneration and upon such conditions as they may think fit, and any Manager or Secretary so appointed may be removed by the Directors. A director may be appointed as Manager or Secretary, subject to Section 314, 197A, 387 and 388 of the Act.

Acts of Director, Manager or Secretary

112. A provision of the Act or these regulations required for authorizing a thing to be done by a director, manager or secretary shall not be satisfied by its being done by the same person acting both as director and as or in place of the manager or secretary.

MANAGING DIRECTORS

Power to appoint Managing Director

113. Subject to the provisions of Sections 197A, 269, 316 and 317 of the Act, the Board may from time to time appoint one or more Directors to be Managing Director or Managing Directors of the Company and may, from time to time (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places.

To what provision he shall be subjected

114. Subject to the provisions of Section 255 of the Act and Articles 89 (4) hereof, a Managing Director shall not while he continues hold that office, be subjected to retirement by rotation, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall ipso-facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.

Remuneration of Managing Director

115. Subject to the provisions of Sections 198, 309, 310 and 311 of the Act, a Managing Director shall , in addition to the remuneration payable to him as a Director of the Company under the Articles, receive such additional remuneration as may from time to time be sanctioned by the Company.

Power of Managing Director

116. Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Sections 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercise able under these presents by the Board as it may think fit, and may confer such terms and conditions and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with, or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

DIVIDENDS

How Profits shall be divisible

119. The profit of the Company which the Board of Directors shall from time to time determined distribute as dividend shall be applied, first in payment of fixed Non-Cumulative Preferential dividend @1% (One percent) per annum or at the lower rate of dividend as may be declared by the Board, but not exceeding 1% per annum, subject to income tax, if any, and subject thereto, in payment of dividend at such rate as may be decided b the Board from time to time on Equity Shares, on the amount paid up or credited as paid up on the shares held by the Shareholders, but no amount paid on a share in advance of calls shall while carrying interest be treated for the purposes of this Article as aid on the share. All dividends shall be apportioned and paid according to the amounts paid or credited on the shares.

Declaration of dividends

120. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may subject to the provisions of Section 207 of the Act fix the time for payment

Restrictions on amount of dividend

121. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

Dividends out of profits only

122. No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.

What to be deemed net profit

123. The declaration of the Directors as to the amount of the net profits of the Company for any year shall be conclusive.

Interim Dividends

124. The Directors may from time to time pay to the members such interim dividends as in their judgment the position of the company justifies.

Debts may be deducted

125. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exist subject to Section 205A of the Act.

Dividend and call together

126. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call of each member shall not exceed the dividend payable to him and so that the call be made payable at the same timed as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call.

127. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.

Retention in certain cases

128. The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall duly become a member in respect thereof or shall transfer the same such person shall duly become a member in respect thereof or shall transfer the same.

Dividend to joint-holders

129. Any one of the several persons who are registered as the join-holders of any share may give effectual receipts of all dividends and payments on account of dividends in respect of such shares.

Payment by post

130. Unless otherwise declared, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or in the case of joint-holders to the registered address of that one whose name stands first on the Register in respect of the joint-holding or to such person and such address and the member or person entitled or such joint-holders as the case may be , may direct and every cheque or warrant so sent shall be made payable at par to the person or to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such join-holders, as the case may be, may direct.

When payment a good discharge

131. The payment of every cheque or warrant sent under the provisions of the last preceding Article shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof, provided nevertheless that the Company shall not be responsible for the loss of any cheque, dividend , warrant or postal money order –which shall be sent by post to any member or by his order to any other person in respect of any dividend.

132. Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall, within seven days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend of Monte Carlo Fashions Limited".

133. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013. No unclaimed or unpaid dividend shall be forfeited by the Board of Directors until the claim becomes barred by law.

SECRECY

No shareholder to enter the premises of the Company without permission

141. No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Director, or subject to Article 126 to require discovery or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the

business of the company and which in the opinion of the Directors it will be inexpedient in the interest of the members of the Company to communicate.

WINDING UP

Distribution of assets

142. In winding up, the assets of the Company (including capital uncalled at the commencement of the winding up), remaining after paying and discharging the debts and liabilities of the Company and the cost of winding up shall be applied in the following order of priority.

i) In repayment of the Capital paid up or credited as paid up and redemption premium, if any, due on 1% Non-Cumulative Redeemable Preference Shares.

ii) In repayment of the Capital paid up or credited as paid up on the equity shares.

iii) The residue, if any, shall be divided amongst the holders of the equity shares in proportion to the amount paid on such shares.

Distribution of assets in specie

143. In the event of Company being wound up, whether voluntarily or otherwise, the liquidators may with the sanction of a Special Resolution, divide among the contributories, in specie or in kind, any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them as the liquidators, with the like sanction, shall think fit.

INDEMNITY

Indemnity

144. Subject to the provisions of Section 201 of the Act, every Director, Manager, Secretary and other officer or employee of the company shall be indemnified against and it shall be the sitting of the Directors to pay out of the funds of the Company all costs, losses and expenses (including traveling expenses) which any such Directors, Manger or Secretary or other officer or employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or their duties and in particular, and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him or by them as such Director, Manger, Secretary, Officer or Employee in defending any proceeding, whether civil or criminal in which judgment is given in his or their favour, or he or they is or are acquitted , or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members, other claims.

Individual responsibility of Directors

145. Subject to the provisions of the Act and so far as such provisions permit, no Director, Auditor or other officer of the Company shall be liable for acts, receipts, neglects or defaults of any other Director or Officer , or for joining in any receipt or act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property required by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested, or for any loss occasioned by any error of judgment, omission , default, or oversight on his Part, or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

SECTION IX – OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of this Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder may be inspected at the Registered and Corporate Office at G.T. Road, Sherpur, Ludhiana 141 003, Punjab, India, from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts to the Offer

1. Engagement Letters dated March 22, 2014, for appointment of SBI Capital Markets Limited, Axis Capital Limited and Edelweiss Financial Services Limited and June 26, 2014 for appointment of Religare Capital Markets Limited, as BRLMs.
2. Offer Agreement dated July 9, 2014, entered into among our Company, the Selling Shareholders and the BRLMs.
3. Agreement dated July 1, 2014, entered into among our Company, the Selling Shareholders and the Registrar to the Offer.
4. Escrow Agreement dated November 20, 2014, entered into among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members, Escrow Collection Banks, and the Registrar to the Offer.
5. Syndicate Agreement dated November 20, 2014, entered into among our Company, the Selling Shareholders, the BRLMs and Syndicate Members.
6. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs and Syndicate Members.
7. Tripartite Agreement dated July 17, 2014 among our Company, NSDL and the Registrar to the Offer.
8. Tripartite Agreement dated July 11, 2014 among our Company, CDSL and the Registrar to the Offer.

Other Material Contracts in relation to our Company

1. Share subscription cum shareholders agreement dated May 10, 2012, as amended on July 1, 2014, entered into among our Company, Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, NTICL, NCFSL, AGFPL, GIL and KIL.
2. Share purchase agreement dated May 10, 2012, among Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Ms. Abhilash Oswal, Mr. Sambhav Oswal, Mr. Abhinav Oswal, Mr. Rishabh Oswal, Ms. Manisha Oswal, Ms. Ritu Oswal, NTICL, our Company and KIL

Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association as amended until date.
2. Certificate of incorporation dated July 1, 2008.
3. Certificate of commencement of business dated July 28, 2008.
4. Board resolution dated June 27, 2014 authorizing the Offer and other related matters.
5. Resolution of the board of directors of KIL, OWML, AGFPL and VIL dated November 3, 2014, June 26, 2014, June 19, 2014 and November 3, 2014, respectively, authorising the Offer for Sale.
6. Letters dated July 7, 2014 from Mr. Jawahar Lal Oswal, Mr. Dinesh Oswal and Mr. Kamal Oswal, respectively, authorizing the Offer for Sale.
7. Copies of our annual reports for fiscal 2014, fiscal 2013, fiscal 2012, fiscal 2011 and fiscal 2010.
8. The audit report of the Auditors, Walker Chandiok & Co. LLP, Chartered Accountants, dated September 23, 2014 on our restated financial information and statement of tax benefits dated September 22, 2014, included in this Red Herring Prospectus.
9. Consent of the Auditors, Walker Chandiok & Co. LLP, Chartered Accountants, as referred to, in their capacity and for inclusion of their audit report on our restated financial information and the statement of tax benefits in the form and context in which it appears in this Red Herring Prospectus.
10. Consents of Bankers to our Company, the BRLMs, Syndicate Members, Registrar to the Offer, Bankers to the Offer, legal counsel, Directors of our Company, Company Secretary and Compliance Officer, industry sources, as referred to act, in their respective capacities and the Auditors for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.

11. In-principle listing approvals dated August 28, 2014 and August 18, 2014 from the BSE and the NSE, respectively.
12. Due diligence certificate to SEBI from the BRLMs, dated July 9, 2014.
13. Report on Textile & Apparel Industry and Branded Apparel Segment dated July 2, 2014 and the Supplemental Report on Textile & Apparel Industry and Branded Apparel Segment dated September 23, 2014 issued by Technopak Advisors Private Limited.
14. SEBI observation letter (Ref. No. CFD/DIL/Monte Carlo Fashions Ltd./1497/2014) dated September 12, 2014.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules or regulations issued thereunder, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

(Mr. Jawahar Lal Oswal)
(Chairman and Managing Director)

(Ms. Monica Oswal)
(Executive Director)

(Ms. Ruchika Oswal)
(Executive Director)

(Mr. Sandeep Jain)
(Executive Director)

(Mr. Dinesh Gogna)
(Non-executive Director)

(Mr. Paurush Roy)
(Nominee Director)

(Dr. Sailen Kumar Chaudhuri)
(Independent Director)

(Dr. Yash Paul Sachdeva)
(Independent Director)

(Dr. Vandana Bhandari)
(Independent Director)

(Mr. Ajit Singh Chatha)
(Independent Director)

(Dr. Suresh Kumar Singla)
(Independent Director)

(Ms. Manisha Gupta)
(Independent Director)

AND

(Mr. Rukmesh Mohan Sood)
(Chief Financial Officer)

Place: Ludhiana
Date: November 21, 2014

The Selling Shareholders certify that the respective statements and undertakings made by them in this Red Herring Prospectus about or in relation to them and the Equity Shares being offered by them, respectively, pursuant to the Offer for Sale are true and correct.

Signed by the Selling Shareholders

Mr. Jawahar Lal Oswal

Mr. Dinesh Oswal

Mr. Kamal Oswal

Authorised Signatory of KIL | *Authorised Signatory of KIL*

Place: Mauritius

Authorised Signatory of OWML | *Authorised Signatory of OWML*

Authorised Signatory of AGFPL | *Authorised Signatory of AGFPL*

Authorised Signatory of VIL | *Authorised Signatory of VIL*

Place: Ludhiana
Date: November 21, 2014