



VIP CLOTHING LIMITED

(Formerly known as 'Maxwell Industries Limited')

Our Company was incorporated as "Maxwell Apparels Industries Private Limited" on January 14, 1991 with the Registrar of Companies, Maharashtra, Bombay, as a private limited company under the Companies Act, 1956. The name of our Company was changed to "Maxwell Apparel Industries Private Limited" on March 22, 1991 vide a fresh certificate of incorporation consequent on change of name issued by Additional Registrar of Companies, Maharashtra. Thereafter, the name of our Company was changed to "Maxwell Apparel Industries Limited" on December 28, 1992 vide certificate of change of name issued by Registrar of Companies, Maharashtra, Bombay. The name of our Company was further changed to "Maxwell Industries Limited" on April 27, 2000 vide fresh certificate of incorporation consequent on change of name issued by Deputy Registrar of Companies, Maharashtra, Mumbai. The name of the Company was further changed to "VIP Clothing Limited" on October 19, 2016 vide certificate of incorporation pursuant to change of name issued by Registrar of Companies, Mumbai.

Registered Office: C-6, Road No. 22, MIDC, Marol, Andheri (East), Mumbai – 400 093, Maharashtra, India.

Telephone: +91 (22) 28257624/27; **Fax:** +91 (22) 28371023/24

Contact Person: Mr. Ashish Mandaliya, Chief Financial Officer and Company Secretary;

E-mail: ashish.mandaliya@viporg.com; **Website:** www.vipclothing.in;

Corporate Identity Number: L18101MH1991PLC059804.

PROMOTERS OF OUR COMPANY: MR. SUNIL PATHARE AND MR. KAPIL PATHARE

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF VIP CLOTHING LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UPTO [●] EQUITY SHARES WITH A FACE VALUE OF ₹ 2 EACH ("RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] ("ISSUE PRICE") PER RIGHTS EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE AGGREGATING UPTO ₹ 4,300 LAKHS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON A RIGHTS BASIS IN THE RATIO OF [●] FULLY PAID-UP RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [●] ("THE ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARE. FOR FURTHER DETAILS, PLEASE SEE THE SECTION TITLED "TERMS OF THE ISSUE" ON PAGE 117.

GENERAL RISKS

Investments in equity and equity related securities involve a high degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the Draft Letter of Offer. Investors are advised to refer to the section titled "Risk Factors" on page 9 before making an investment in the Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares of our Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE" together with the BSE, the "Stock Exchanges"). Our Company has received in-principle approvals from BSE and NSE for listing of the Rights Equity Shares to be allotted in the Issue pursuant to letters dated [●] and [●] respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER



Inga Capital Private Limited
Naman Midtown, 21st Floor, 'A' Wing
Senapati Bapat Marg, Elphinstone (West)
Mumbai – 400 013
Maharashtra, India
Telephone: +91 – 22 – 4031 3489
Fax: +91 – 22 – 4031 3379
Email: vip.rights@ingacapital.com
Website: www.ingacapital.com
Investor Grievance Email: investors@ingacapital.com
Contact Person: Mr. Ashwani Tandon
SEBI Registration Number: INM000010924

REGISTRAR TO THE ISSUE



Link Intime India Private Limited
C-101, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli West, Mumbai - 400 083
Maharashtra, India
Telephone: +91-22-4918 6200
Fax: +91-22-4918 6195
Email: vipclothing.rights@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance Email: vipclothing.rights@linkintime.co.in
Contact Person: : Mr. Sumeet Deshpande
SEBI Registration Number: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT APPLICATION FORMS	ISSUE CLOSING ON
[●]	[●]	[●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definition

In the Draft Letter of Offer, unless the context otherwise indicates, requires or implies, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company and Business Related Terms

Term	Description
“Articles” or “Articles of Association” or “AoA”	The Articles of Association of our Company, as amended.
“Auditor” or “Statutory Auditor”	The statutory auditors of our Company, being M/s. Sharp & Tannan, Chartered Accountants.
“Audited Financial Statements”/ “Financial Statements”	Unless the context otherwise requires, the audited financial information of our Company as at and for the financial years ended March 31, 2017 along with comparative financial information for March 31, 2016 and the related notes and schedules thereto prepared in accordance with the requirements of the Companies Act, 2013 and Indian GAAP
“Board” or “Board of Directors” or “our Board”	The Board of Directors of our Company, as duly constituted from time to time including any committees thereof.
Director(s)	Unless the context requires otherwise, the director(s) of our Company
ESOS 2016	The “VIP Employee Stock Option Scheme 2016” approved by our Company pursuant to special resolution dated September 27, 2016 in terms of the SEBI (Share Based Employee Benefits) Regulations, 2014.
Equity Shares	Equity shares of our Company of ₹ 2 each, fully paid up
Group Companies/ Group Entities	The companies, firms, ventures, etc. covered under the applicable accounting standards (i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India), or other companies as considered material by our Board. Pursuant to resolution of the Board of the Directors dated May 11, 2017 the Company has adopted a policy to define the materiality requirement for a company to be considered as a Group Company of our Company.
“Memorandum” or “Memorandum of Association” or “MoA”	The Memorandum of Association of our Company, as amended.
“Our Company” or “the Company” “the Issuer Company”, “the Issuer” or “VIP Clothing”	VIP Clothing Limited, a public limited company incorporated under the Companies Act, 1956.
Promoters	Mr. Sunil Pathare and Mr. Kapil Pathare
Promoter Group	The persons and entities constituting our promoter group pursuant to Regulation 2(1) (zb) of the SEBI ICDR Regulations.
Registered Office	The registered office of our Company located at C-6, Road No. 22, MIDC, Marol, Andheri (East), Mumbai – 400 093, Maharashtra, India
Registrar of Companies / RoC	Registrar of Companies, Mumbai, Maharashtra located at 100, 5 th Floor, Everest, Near Marine Lines Railway Station, Marine Drive, Mumbai – 400002, Maharashtra, India

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders with respect to the Issue in accordance with the SEBI ICDR Regulations
“Allot” or “Allotment” or “Allotted”	The allotment of Rights Equity Shares pursuant to the Issue.
Allottee(s)	Persons to whom Rights Equity Shares will be Allotted.
Application	Unless the context otherwise requires, refers to an application for Allotment of Rights Equity Shares
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
“ASBA” or “Application Supported by Blocked Amount”	The application (whether physical or electronic) used by ASBA Investors authorizing the SCSB to block the amount payable on application in ASBA Account
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Money of the ASBA Investor/ Applicant.
ASBA Applicant/ ASBA Investor	<p>Equity Shareholders proposing to subscribe to the Issue through ASBA process and:</p> <ul style="list-style-type: none"> (a) who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional Equity Shares in dematerialized form; (b) who have not renounced their Rights Entitlements in full or in part; (c) who are not Renouncees; and (d) who are applying through blocking of funds in a bank account maintained with SCSBs. <p>All QIBs and other Investors whose application value exceeds ₹ 2 Lakhs complying with the above conditions must participate in this Issue through the ASBA process only notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are individuals) shall apply in the Issue only through non-ASBA process.</p>
Banker(s) to the Issue/Escrow Collection Bank(s)	[●]
Composite Application Form/ CAF	The form used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue
Consolidated Certificate	In case an Equity Shareholder holds Equity Shares in physical form, one certificate that will be issued to the allottees for the Equity Shares allotted to them in each folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on www.sebi.gov.in
Designated Stock Exchange	BSE
Depository	NSDL and CDSL or any other depository registered with the SEBI under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time read with the Depositories Act, 1996.
Designated Branches	Such branches of the SCSBs, which shall collect the CAF or Application from ASBA Investors, a list of which is available on the website of SEBI at www.sebi.gov.in or at such other website as may be prescribed by SEBI from, time to time.
Draft Letter of Offer/ DLOF	The draft letter of offer dated July 28, 2017 filed with SEBI for its observations which does not contain complete particulars of the Issue.
Equity Shareholders/ Eligible Equity Shareholder(s)	A holder/beneficial owner of our Equity Shares as on the Record Date
Investor	The Equity Shareholders(s) on the Record Date, applying in the Issue, and the

Term	Description
	Renouncees who have submitted an Application to subscribe to the Issue
Inga / Lead Manager	Inga Capital Private Limited
Issue/ Rights Issue	The Issue of up to [●] Equity Shares of face value of ₹ 2 each for cash at a price of [●] per Rights Equity Share including a share premium of [●] per Rights Equity Share aggregating up to ₹ 4,300 lakhs to Eligible Equity Shareholders on a rights basis in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by them on the Record Date.
Issue Agreement	The agreement entered into on July 28, 2017 amongst our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] per Rights Equity Shares
Issue Proceeds	The gross proceeds of the Issue available to our Company.
Issue Size	The issue of upto [●] Rights Equity Shares aggregating up to ₹ 4,300 lakhs
Listing Agreement	The listing agreement(s) entered into by our Company with the Stock Exchanges as repealed by the Uniform Listing Agreement
Letter of Offer / LOF	The letter of offer dated [●], to be filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer.
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see section “ <i>Objects of the Issue</i> ” on page 43.
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process.
QIBs or Qualified Institutional Buyers	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations.
Record Date	[●]
Refund Banker	[●]
Registrar or Registrar to the Issue	Link Intime India Private Limited
Renouncee(s)	Any person(s) who has/ have acquired Rights Entitlements from Equity Shareholders
Retail Individual Investors	Individual Investors who have applied for Rights Equity Shares for an amount not more than ₹ 2 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Rights Equity Share that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
Rights Equity Shares	Equity Shares of the Company to be allotted pursuant to the Rights Issue.
SAF(s)	Split Application Form(s), which is an application form used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncees
Self Certified Syndicate Banks or SCSBs	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at www.sebi.gov.in
Stock Exchanges	BSE and NSE.
Systemically Important NBFCs	Systemically Important NBFC as defined under Regulation 2(1)(zla) of the SEBI ICDR Regulations
Uniform Listing Agreement	The uniform listing agreement entered into between each of the Stock Exchanges and our Company, pursuant to the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015.

Conventional and General Terms/ Abbreviations/ Industry Related Terms

Abbreviation	Full Form
₹/Rs./ Rupees/INR	Indian Rupees
A/c	Account
AGM	Annual General Meeting.
AS or Accounting Standards	Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006
AY	Assessment Year
BSE	BSE Limited
CIN	Corporate Identity Number
CMAI	The Clothing Manufacturers Association of India
CSDL	Central Depository Services (India) Limited
Companies Act or Act	Companies Act, 1956 and / or Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 and the rules made thereunder to the extent not repealed
Companies Act, 2013	Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the notified sections.
DIN	Directors Identification Number.
EEA	European Economic Area
EGM	Extraordinary General Meeting
EPS	Earnings per share, which is the profit after tax for a fiscal year divided by the weighted average of outstanding number of equity shares at the end of the fiscal year
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
FII	Foreign Institutional Investors, as defined under the FII Regulations and registered with SEBI under applicable laws in India.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
Fiscal or Financial Year or FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FVCI	Foreign Venture Capital Investor registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GoI or Government of India or Central Government	The Government of India.
HUF	Hindu Undivided Family.
IFRS	International Financial Reporting Standards.
Ind AS	Indian Accounting Standards
Indian GAAP	Generally accepted accounting principles in India.
I.T. Act/ Income Tax Act	Income Tax Act, 1961, as amended.
NACH	National Automated Clearing House
NAV	Net Asset Value
NBFC	Non-Banking Finance Company(ies)
NEFT	National Electronic Funds Transfer.
NR or Non Resident	A person resident outside India, as defined under FEMA, including an Eligible NRI and FII.
NRE Account	Non-Resident External Account.
NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NRO Account	Non-Resident Ordinary Account.

Abbreviation	Full Form
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum.
PAN	Permanent Account Number
RBI	Reserve Bank of India.
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015
Securities Act	U.S. Securities Act of 1933.
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, as amended, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the Issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs may come are required to inform them about and observe such restrictions. Our Company is making the Issue to the Eligible Equity Shareholders and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address to our Company. Those overseas shareholders who have not updated our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the rights or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer/ Abridged Letter of Offer and CAFs or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Draft Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs should not, in connection with the Issue or the Rights Entitlements, distribute or send the Draft Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs in or into jurisdictions where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe the Equity Shares or the Rights Entitlements referred to in the Draft Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in the Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of the Draft Letter of Offer/ Letter of Offer/Abridged Letter of Offer and CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Draft Letter of Offer.

The contents of the Draft Letter of Offer/ Letter of Offer/Abridged Letter of Offer, CAFs and SAFs should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

CERTAIN CONVENTIONS, USE OF FINANCIAL AND CURRENCY OF PRESENTATION

Certain Conventions

References in the Draft Letter of Offer to “India” are to the Republic of India and the “Government” or the “Central Government” is to the Government of India and to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless stated otherwise, all references to page numbers in the Draft Letter of Offer are to the page numbers to the Draft Letter of Offer.

Financial Data

Unless stated otherwise, financial data in the Draft Letter of Offer with respect to our Company is derived from our Company’s Audited Financial Statements which has been prepared in accordance with Indian GAAP and the Companies Act. Our fiscal year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular “fiscal year” or “Fiscal” are to the 12 month period ended on March 31 of that year. Our Audited Financial Statements that appear in the Draft Letter of Offer have been prepared by our Company in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India and other applicable statutory and / or regulatory requirements.

Further, with effect from April 1, 2017, we are required to prepare our financial statements in accordance with IND AS. Given that IND AS is different in many respects from Indian GAAP, our financial statements for the period commencing from April 1, 2017 may not be comparable to our historical financial statements prepared under Indian GAAP. For details in connection with risks involving differences between Indian GAAP and other accounting principles and accounting standards and risks in relation to IND AS, please see “*Risk Factors*” on page 9.

We publish our financial statements in Indian Rupees.

In the Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Numerical values have been rounded off to two decimal places.

Currency of Presentation

All references in the Draft Letter of Offer to “Rupees”, “₹”, “Rs.”, “Indian Rupees” and “INR” are to Indian Rupees, the official currency of India.

Unless stated otherwise, throughout the Draft Letter of Offer, all figures have been expressed in lakhs. One lakh represents 1,00,000.

Exchange Rates

The following table provides information with respect to the exchange rate for the Indian rupee per US\$1.00. The exchange rates are based on the reference rates released by the Reserve Bank of India, which is available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(in ₹)			
Currency	As on March 31, 2015	As on March 31, 2016	As on March 31, 2017
1 US\$*	62.59	66.33	64.84

**Source: RBI reference rate at the end of the period (www.rbi.org.in). In case March 31 of any of the respective years is a public holiday, the previous working day has been considered.*

FORWARD LOOKING STATEMENTS

Certain statements contained in the Draft Letter of Offer that are not statements of historical fact constitute 'forward looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'target', 'guideline' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, discuss future expectations, describe plans and strategies contain projections of results of operations or of financial condition or state other forward-looking information.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in the Draft Letter of Offer that are not historical facts. These forward-looking statements contained in the Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- Dependence on limited number of customers for a sizeable portion of our revenues;
- Failure to register and protect our intellectual property rights could adversely affect our business;
- No long term agreements with any of our customers for purchasing its products;
- Timely availability of the desired quantity and quality of raw materials at reasonable cost;
- Our inability to meet obligations including financial and other covenants under credit facilities;
- Changes in laws and regulations relating to the industries in which we operate particularly the regulations applicable to the readymade garment industry;
- Our inability to manage the working capital requirements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled "*Risk Factors*" on page 9. The forward-looking statements contained in the Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of the Draft Letter of Offer or the respective dates indicated in the Draft Letter of Offer, and our Company. Lead Manager along with its affiliates, employees and directors, undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI/ Stock Exchanges requirements, our Company and the Lead Manager will ensure that prospective Investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION II – RISK FACTORS

An investment in the equity shares involves a high degree of risk. The risks described below together with other information contained in the Draft Letter of Offer should be carefully considered by the prospective investors before making an investment decision. Prospective investors should carefully consider all the information contained in the section titled “Financial Information” on page 62 for the information related to the financial performance of our Company. The risks described below are not the only risks which are relevant to our Company or investments in Equity Shares. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business operations. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks, the trading price of the Equity Shares could decline, and all or part of your investment may be lost. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. Before making an investment decision, Investors must rely on their own independent examination of the Issue and Company.

The Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and “Forward Looking Statements” on page 8.

INTERNAL RISK FACTOR

- 1. There are certain material outstanding legal proceedings involving our Company which if determined against us, may have a material adverse effect on our business, financial results and reputation.***

There are certain outstanding legal proceedings and claims, including criminal, tax and civil litigation, involving our Company, which are pending at different levels of adjudication before various courts, tribunals and other authorities. The aggregate value of material outstanding litigations involving by our Company is ₹ 171.23 lakhs (excluding tax proceedings). For details regarding these cases, see the section titled “*Outstanding Litigation and other Defaults*” on page 99. Any unfavorable decision in connection with such proceedings, individually or in the aggregate, could increase our expenses. We have not made any provision for such liabilities that may arise, except for income tax matters and such liabilities could materially and adversely affect our reputation, business and financial results. There are 3 material pending tax proceedings involving our Company that are pending before different fora, For details regarding these cases, see the section titled “*Outstanding Litigation and other Defaults*” on page 99. We cannot assure you that any of these matters will be resolved in our favor, or that no additional liability will arise out of these proceedings. Further, there is no assurance that similar proceedings will not be initiated against the above-mentioned entities in the future. This could materially and adversely affect our financial results and our reputation.

- 2. Our erstwhile Promoter, Late Shri Jaykumar Pathare passed away intestate and the transfer of shares held by him or the HUF, of which he was the Karta in under process in accordance with the provisions of the Hindu Succession Act, 1956. In the event such transfer is challenged by any other legal heir of Late Shri Jaykumar Pathare the same maybe set aside and would amount to a change in the shareholding of our Company.***

Our erstwhile promoter Late Shri Jaykumar Pathare who held 66,86,791 Equity Shares in the Company on joint holding basis, individual basis and also in capacity as a Karta of HUF, passed away on January 16, 2016 intestate. The Equity Shares held by him on joint holding basis have been transferred to the surviving joint holder. However, the Equity Shares held by him individually and in capacity as a Karta of HUF have not yet been transferred, inter alia due to pending process of obtaining a succession certificate under the Hindu Succession Act, 1956 or any other alternative legal mechanism for the completing the transfer formalities. While, the Company has taken and will in the future continue to take all precautions to ensure that the transfer of Equity Shares is done in accordance with the provisions of the applicable laws, we cannot assure you that such a transfer shall not be challenged by any other legal heir of Late Shri Jaykumar Pathare. If the said challenge by any other legal heir of Late Shri Jaykumar Pathare is not set aside, the Company may be directed to transfer the concerned Equity Shares to such legal heir as maybe directed by a


court of competent jurisdiction and would tantamount to a change in the shareholding of our Promoters and Promoter Group.


3. ***We depend on a limited number of customers for a sizeable portion of our revenues. The loss of one or more of our significant customers or significant reduction in production and sales of, or demand for our products from our significant customers may adversely affect our business, financial condition, result of operations and cash flows***

A sizeable proportion of our revenues have historically been derived from a limited number of customers. Majority of our customers operate all over India and we supply our products in various geographical regions in which they operate.

As a result, loss of one or more of our significant customers may result in a loss or non-receipt of orders from that customer which will affect our business, financial condition, result of operations and cash flows.

We cannot assure you that we can maintain the historical levels of orders from these clients or that we will be able to find new clients in case we lose any of them. Furthermore, major events affecting our clients, such as adverse market conditions, regulatory changes, adverse cash flows, change of management, could adversely impact our business. If any of our major clients become bankrupt or insolvent, we may lose some or all of our business from that client and our receivables from that client may have to be written off, thus adversely impacting our cash flows and financial condition.

4. ***Our Company's corporate logo  is not registered. Failure to protect our intellectual property rights could adversely affect our business.***

Our corporate logo i.e.  is not registered. While we have applied for registration of the same vide an application dated February 8, 2017, the same is pending for approval before the Registrar of Trademarks. Further, we own 145 trademarks which are registered in the name of our Company (including Trademarks acquired pursuant to deed of assignment dated June 5, 2006) and have made 34 applications for registration of existing trademarks and trade names used in our business which are pending before the Registrar of Trademarks for approval. Our applications may or may not be allowed by the Registrar of Trademarks, and our competitors could challenge the validity or scope of the applications or these trademarks. If we fail to successfully obtain or enforce these trademarks, we may need to change or rebrand our logos. Any such change could adversely affect our branding and may have an adverse effect on our business, reputation and, consequently, on our results of operation, cash flows and financial condition. There can be no assurance that we will be able to secure the intellectual property rights of any such trademarks, service marks or trade names that we use. We may be unable to prevent third parties for infringing or wrongly using our unregistered trademarks, trade names or logos thereby causing damage to our business prospects, reputation and goodwill.

Further, any protective steps taken by us in relation to our intellectual properties may be inadequate to deter misappropriation of our intellectual property. We may be subject to the risk of brand dilution and consequently loss of revenue in case of any misuse of our brand name by our agents or any third party. We may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Failure to protect our intellectual property and trademarks adequately could harm our reputation and affect our ability to compete effectively. Further, defending our intellectual property rights may require significant financial and managerial resources which may adversely affect its business, financial condition and results of operations.

5. ***Our Company does not have long-term agreements with any of our customers for purchasing its products and is subject to uncertainties in demand which could decrease sales and negatively affect its operating results.***

Our long-standing relationship with our major customers has been one of the most significant factors

contributing to our growth. Our commitment to quality and customer service practices have been strong contributing factors to our robust customer relations. Over the years, we have steadily developed a robust base of retailers of garments, including with reputed established brands and supply chains. Even though we do not have any long-term supply agreements with them, we have continually received repeat business from many of our customers and are proud to be a preferred vendor for certain of our customers. However, in the absence of long term contracts with such customers, we cannot assure you that our Company would continue to receive repeat business from such customers. Failure to receive repeat business from our customers may have an adverse effect on our business and financial results.

6. ***We have reported losses in the past and we cannot assure you that we would be able to achieve profitability in the future. If we continue to incur losses, the results of our operations and financial condition may be materially and adversely affected.***

We have reported net loss of ₹ 579.64 lakhs and ₹ 993.18 lakhs in Fiscal 2017 and Fiscal 2016, respectively. For further details on our financial performance see section “*Financial Information*” on page 62. The losses we incur put a strain on our financial resources and also affect our ability to operate our business operations and our ability to distribute dividends. We cannot assure you that we will not incur losses in the future which may materially and adversely affect our results of operations, prospects and financial condition.

7. ***We have experienced negative cash flow from financing activities in prior periods and cannot assure you that we will not experience negative cash flows in future periods. Any negative cash flows in the future could have a material adverse effect on our financial condition and results of operations.***

We have in the past experienced negative cash flows from financing activities. The details of our cash flows from operating activities, investing activities and financing activities for the Fiscal Years 2017 and 2016 is set forth below.

(₹ in Lakhs)		
Particulars	Fiscal 2017	Fiscal 2016
Net cash generated from operating activities	996.54	997.04
Net cash flow from (used in) investing activities	1,151.98	157.05
Net cash flow from (used in) financing activities	(2,057.45)	(1,117.07)
Net increase/ (decrease) in cash and cash equivalents	91.07	37.02

We may in the future, also incur negative cash flow in operating activities or negative cash flows in investing and financing activities which could materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition and results of operations could be adversely affected. For further details on our cash flows please section titled “*Financial Information*” on page 62.

8. ***There have been instances of delays in regulatory filings made by us, which may subject us to penalties.***

Our Company has in the past made delayed filings in respect of certain regulatory filings required to be made by it pursuant to applicable regulations including certain filings with the RoC. While we have eventually made such regulatory filings with the relevant authorities, in certain instances such filings have not been duly acknowledged by the receiving authority and/or the copies of such filings are not available with us. While our Company believes that these forms were duly filed with the appropriate authority, we cannot assure you that we will not be subject to any penalties imposed by the competent regulatory authority in connection with these filings.

We cannot assure you that we, our Directors and our Promoters, will not be subject to penalties by the concerned regulatory authorities for such non-compliance with disclosure and filing requirements, in accordance with applicable law. Any such regulatory action may have a material adverse effect on our business and reputation and may require us to divert substantial resources, including our management’s attention and time to defend such actions.

9. *Raw materials constitute a significant percentage of our Company's total expenses. Particularly, any increase in fabric and elastic prices and any decrease in the supply of fabric and elastic would materially adversely affect our Company's business.*

As on March 31, 2017, cost of procuring raw materials comprises 56.91% of our Company's total expenses. We are dependent on third party suppliers for procuring the raw materials required for our business, the prices of which are controlled by various market factors beyond our control. The prices of the raw materials, in particular fabrics and elastic have remained stable in the past few years, however, we cannot assure you that the prices will continue to remain stable in the future. In the recent time, the cotton industry has witnessed a huge fluctuation in the prices which in turn affects the prices of raw materials sourced by our Company. Any sudden increase or decrease in prices or supply of raw materials may affect our ability. Any material shortage or interruption in the supply or decrease in the quality / quantity of raw materials due to natural causes or other factors could result in increased production costs that we may not successfully be able to pass on to customers, which in turn would have a material adverse effect on our business and our operations.

10. *Our inability to meet our obligations, including financial and other covenants under our credit facilities could adversely affect our business and financial results. Further, we are yet to obtain consent from our lender for the Issue.*

As of March 31, 2017, our aggregate outstanding indebtedness was ₹ 8,533.25 lakhs comprising of short-term borrowings, current maturities of long term debts and vehicle loans. The total cost incurred by our Company to service such outstanding indebtedness for the Fiscal Years 2017 and 2016 was ₹ 1,218.60 lakhs and ₹ 1,259.97 lakhs, respectively. Our credit facilities contain certain restrictive covenants that may require prior written approval of lenders and limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial results.

Upon the occurrence of certain events or otherwise, certain lenders to our Company *inter alia* have the right to:

- the bank's commitment to advance any undrawn balance of the loan shall cease and all the amounts due will become repayable forthwith on demand in writing being made by the bank at any time;
- impose penal/default interest;
- accelerate the facility and declare all amounts payable by our Company in respect of the facility to be due and payable immediately or otherwise payable on demand;
- enforce the security;

The financing arrangements entered into by our Company also have cross-default provisions with respect to other facilities availed of by our Company and provisions prescribing financial ratios. In past, we have been unable to maintain such prescribed ratios, for instance, our Company was unable to maintain annual EBIDTA (%) of not less than 8% and 8.5% in financial year 2015-16 and 2016-17 respectively as stipulated under loan facilities from RBL Bank Limited. Though no action has been taken by the bank, we cannot assure you that our Company will in future be able to comply with such covenants. Our future borrowings may also contain similar restrictive provisions. If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare us to be in default under the terms of our agreements or accelerate the maturity of our obligations and may also declare us as a 'wilful defaulter'.

Additionally, some of our borrowings may be secured against all or a portion of our assets, and lenders may be able to sell such assets to enforce their claims for repayment. Our failure to meet our obligations under credit facilities could have an adverse effect on our business and financial results. If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financing on terms acceptable to us, our business, financial condition and results of operations may be adversely affected.

Undertaking the Issue without the consent of our lenders constitutes a default under the relevant financing documents and will entitle the lender to declare a default against our Company and enforce remedies under

the terms of the financing documents, that include, among others, acceleration in repayment of the amounts outstanding under the financing documents, enforcement of any security interest created under the financing documents, and taking possession of the assets given as security in respect of the financing documents which in turn may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. Our Company sought to obtain the relevant consents from the lenders in advance of the date of the Draft Letter of Offer. However, as on date of the Draft Letter of Offer, we are yet to receive consent from State Bank of India, one of our lender. Our Company proposes to obtain such consent prior to filing the Letter of Offer.

11. *Our Promoters and Directors may have interests in our Company other than normal remuneration or benefits and reimbursement of expenses incurred*

Our Promoters and Directors may be deemed to be interested in our Company, in addition to regular remuneration or benefits and reimbursements of expenses, to the extent of Equity Shares or other securities, held by them and their relatives (if any) and their dividend or bonus entitlement, and benefits arising from their directorship in our Company and are also interested to the extent of sitting fee payable to them for attending each of our Board and committee meetings (to the extent relevant).

Our Promoters are also interested to the extent of the outstanding amount of loan borrowed by our Company from the Promoters to the tune of ₹ 150.00 lakhs and ₹ 371.06 lakhs for the Fiscal Years 2017 and 2016. The total net amount repaid by our Company to the Promoters for the Fiscal Year 2017 is ₹ 221.06 lakhs.

For details of the related party transactions during the last two Financial Years, pursuant to the requirements under Accounting Standard 18 “Related Party Transactions”, issued by the Institute of Chartered Accountants of India, see the section “Financial Information” on page 62.

12. *We have certain contingent liabilities that, if materialized, may adversely affect our business and financial results*

As of March 31, 2017, we had the following outstanding contingent liabilities in our Financial Statements:

Particulars	Amount (₹ in lakhs)
Guarantees given by Banks	20.47
Cotton Corporation of India matter	33.83
Income Tax Liability (appeal by IT Department)	1,175.53
Letters of Credit	851.12

If the above-mentioned contingent liabilities materialize, our business and financial results may be adversely affected. For details, see the section “Financial Information” on page 62

13. *Our business has high working capital requirements and if we are unable to secure financing for our working capital requirements, there may be an adverse effect on our business, growth prospects and results of operations.*

Our business requires a significant infusion of working capital. We may require additional capital to fund our operations and business strategies and repay our existing loans. The amount and timing of our future funding requirements may vary and will depend largely on our working capital requirements and the nature of our capital expenditures. In certain cases, significant amounts of working capital are required to finance the purchase of raw materials and other works before payments are received from our customers. All of these factors may result, and have resulted, in increase in our working capital needs.

Additionally, the failure of our customers to make timely payments could require us to write off accounts and make provisions against receivables or increase our working capital requirements, which could have a material adverse effect on our business growth and prospects, financial condition and results of operations. Further, if we are unable to provide sufficient collateral to secure the working capital facilities obtained by our Company, we may not be able to obtain the working capital facilities which may affect our business

and growth prospects. The scale of operations of our business will significantly depend on quantum of working capital available to our Company.

14. *Delays associated with the collection of trade receivables may adversely affect our business and results of our operations.*

There may be delays associated with the collection of trade receivables. As on March 31, 2017, ₹ 1,748.54 Lakhs or 26.31% of our total trade receivable were outstanding for a period of more than 6 months. We cannot assure you that we will be able to collect our receivables in time or at all which may have an adverse effect on our cash flows, business, results of operations and financial condition.

15. *We may be unable to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business.*

We require certain statutory and regulatory permits, licenses and approvals to operate our business such as consents to establish and operate from the state pollution control board, importer-exporter code, registration and licenses issued under the Factories Act, 1948, as amended for our various manufacturing facilities, commissioning certificates and safety certificates from the state electricity board, registration certificates issued under various labor laws. Our licenses, permits and approvals impose certain terms and conditions that require us to incur a significant cost and inter alia, restrict certain activities. There can be no assurance that the approvals, licenses, permits and registrations may not be revoked in the event of any noncompliance with any terms or conditions imposed thereof.

Further, certain approvals for our manufacturing facilities and trademarks for our business purposes are required to be applied or renewed on an ongoing basis, and accordingly, we have initiated process for obtaining certain approvals but not yet completed the applications with relevant authorities or not yet received the final registrations from the relevant authorities. For further information regarding such licenses and approvals, see the section “Government and Other Statutory Approvals” on page 105.

In the future, we will be required to regularly renew permits, licenses and approvals for our business, and to obtain new permits, licenses and approvals for any proposed expansion. While we will endeavor to renew or obtain such approvals as required, there can be no assurance that the relevant authorities will issue any such approvals within our anticipated timeframe or at all. An inability to renew, maintain or obtain any required permits, licenses or approvals may result in the interruption of our operations and have a material adverse effect on our business, financial condition and results of operations.

16. *If our Company is unable to continue being creative in our designs in relation to our innerwear products, we may not get business and our sales could be affected.*

Our Company is in the business of manufacturing and distributing innerwear in domestic markets and certain countries outside India. We believe, creativity is one of the key attributes for success in this industry. For our Company to remain competitive in respect of appealing designs, shapes and colour combinations, the designers of our Company have to keep themselves abreast with the latest global trends and also understand the design requirements of the customers. Our Company intends continuously to upgrade its existing designs, to keep up with its customer’s taste and fashion forecasts. Any inability on our Company’s part to understand the prevailing global trends or our inability to forecast changes at per latest global trends or understand the needs of our customers in this industry well in time may affect our growth prospects.

17. *Any changes in regulations or applicable Government incentives would materially and adversely affect our operations and growth prospects*

The Government of India has provided several production and exports related incentives to the textile sector, from which we currently benefit including, the Export Promotion Capital Goods Scheme and the Duty Drawback Scheme. As a result of these incentives, our operations in India have been subject to relatively lower tax liabilities.

In the Fiscal Years 2017 and 2016, our revenue from operations (net) was ₹ 23,209.75 lakhs and ₹ 19,446.02 lakhs respectively, which included the Duty Drawback and other export incentives of ₹ 142.40 lakhs and ₹ 133.67 lakhs, respectively. These incentives could be modified or removed at any time, which could adversely affect our business and profitability.

Any failure on the part of our Company to adhere to the requirements of these incentives may result in our Company losing the benefit of some or all of these incentives and/or payment of penalties. Relevant authorities in India may also introduce additional or new regulations applicable to our business which could adversely affect our business and profitability.

18. *We are subject to stringent labour laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition and results of operations*

Our manufacturing activities are labor-intensive and we depend on motivated, skilled employees to operate our units. As of June 30, 2017, we had 359 permanent employees and 1,863 workers at our innerwear, loungewear, thermal wear division. There is significant competition for management and other skilled personnel in the branded apparel industry in which we operate, and it may be difficult to attract and retain the personnel we require in the future. There can be no assurance that our competitors and other apparel brands will not offer better compensation packages and incentives to such key managerial personnel. We are subject to a number of stringent labour laws that protect the interests of workers, including legislation that stipulates rigorous procedures for dispute resolution and retrenchment of workers that imposes financial obligations on employers. Strikes, lock-outs and other labour action may have an adverse impact on our operations, and we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Also, our third-party suppliers may experience strikes or other labour disruptions and shortages that could affect our operations, possibly for a significant period of time, result in increased wages, shortage in manpower and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. Additionally, our inability to recruit employees, in particular skilled employees and retain our current workforce could have a material adverse effect on our business, financial condition and profitability.

19. *We may not be able to adapt to changing market trends and customer requirements in the menswear market in a timely manner, or at all.*

We operate in a highly competitive market with competitors who may have better ability to spend more aggressively on advertisement and marketing and more flexibility to respond to changing business and economic conditions. Further, there are regional or smaller competitors who have certain advantages over us. An increase in the amount of competition that we face could have a material adverse effect on our market share and sales.

The market for menswear in the country is highly competitive with several players present in various segments in stores and through third party e-commerce platforms. If we are unable to anticipate consumer preferences or industry changes, or if we are unable to modify our products and their prices on a timely basis, we may lose customers to our competitors (located in brick and mortar stores and on third party e-commerce platforms), or may be forced to reduce our sales realization on products by having to offer them at a discount, thereby reducing our margins. If our competitors are able to cater to these markets, or if we are not able to anticipate the demand, or misjudge the quantity, inter alia, this could lead to lower sales, higher inventories and higher discounts, each of which could have a material adverse effect on our brand, reputation, results of operations and financial condition.

20. *Our Company has borrowed certain unsecured loans that may be repayable on demand*

As of March 31, 2017, our Company had unsecured borrowings of ₹ 150.00 lakhs from our Promoters which are repayable by our Company as and when demanded. It may be difficult for us to manage our cash flow and ensure that sufficient funds are available at all times to repay our unsecured lenders. In the event

of any default on the repayment of unsecured loan, the unsecured lender could initiate legal proceedings against us to recover the amount due to such unsecured lender together with interest and penalty. Any such legal proceedings will have a material adverse effect on our reputation, creditworthiness and financial condition.

21. ***Our Promoters have given personal guarantees in relation to certain financing arrangements provided to us by our lenders. Our Promoters may or may not continue to provide such personal guarantees in future which may have an adverse effect on our ability to borrow.***

Under certain financial arrangements with our lenders, our Promoters have given personal guarantees for repayment of certain credit facilities availed by us. We have in the past depended on guarantees provided to our lenders by our Promoters in order to help fund our operations and business expansion. Our Promoters may or may not provide any financial or other support in future. Additionally, if the financial condition of our Promoters deteriorates, our existing financing arrangements with our lenders may be adversely affected. We cannot assure you that such contributions to us by our Promoters will continue in future. This could have a material adverse effect on our business and financial condition.

22. ***Our Company may not be able to obtain sufficient quantities or required quality of raw materials in a timely manner for our manufacturing operations which could have an impact on the timelines for supplying products to our customers.***

Our business and operations are dependent on the timely availability of the desired quality of raw materials like cotton, specialized yarn, yarn and fabric at a reasonable cost. Our major raw material is cotton & yarn, the prices of which are generally volatile due to various factors including inflationary tendencies in the economy and changes in macro-economic indicators, coupled with unseasonal rain in India damaging the cotton crop, which are beyond our control and may in turn result in rise in the price. Any increase in prices of raw materials could create a strain on the operating margins of our Company.

The supply and quality of cotton is subject to adequate rainfall, other weather conditions and the export policies of the government which has an impact on the manufacturing industry. Any material shortage or interruption in the domestic supply or decrease in the quality of cotton due to shortage of rainfall or other factors could affect our ability to timely deliver manufactured garments to our customers and adversely affect our operations.

Domestic cotton prices in India fluctuate based on the demand and supply in the market and there can be no assurance that the price levels of cotton will remain where they currently are or not significantly increase. Any fluctuation in cotton prices that results in an increase in raw material and production costs which our Company may be unable to pass on to our customers would have a material adverse effect on our business.

23. ***We are dependent on a number of key management personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, financial results and prospects.***

Our future success is highly dependent on our senior management including the key managerial personnel to maintain our strategic direction and manage our current operations and to deploy the Net Proceeds and meet future business challenges that may also arise in relation to any of the Objects of the Issue.

The loss of, or inability to attract or retain, such persons could materially and adversely affect our business and financial results. If one or more of these key management personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly or at all, which could have a material adverse effect on our business, financial results and prospects. We may take a long period of time to hire and train replacement personnel when skilled personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. If we are unable to hire and train replacement personnel in a timely manner or increase our levels of employee compensation to remain competitive, our business, financial

results and prospects may be materially and adversely affected.

24. *There is significant competition in the retail sector which may have an impact on our retail division.*

The retail sector in the garments industry is highly and increasingly competitive and our results of operations, in particular the retail division, which manufactures, distributes and markets the 'VIP', 'Frenchie', 'Feelings' 'Leader' 'Eminence' and brand for innerwear, lounge wear, thermal wear and accessories for men and women are sensitive to, and may be materially and adversely affected by, competitive pricing and other factors. Competition may result in pricing pressure, reduced profit margin or lost market share or a failure to increase our market share, any of which could substantially harm our business and results of our operations.

We compete directly against the distributors, wholesalers, large format stores and direct retailers of innerwear, lounge wear, thermal wear, diversified garments companies with substantial market share and regional brand competitors. Many of our competitors are large garments companies with strong brand recognition. However, we believe the domestic garment segments is more fragmented and continues to be dominated by unorganized and regional suppliers. We compete primarily on the basis of brand image, style, fashion, comforts and fits, performance and quality. In order to compete effectively, we must continue to maintain and develop our brand image and reputation, be flexible and innovative in responding to rapidly changing market demands and customer preferences and offer customers a wide variety of high quality garments at competitive prices.

Many of our competitors, have significant competitive advantages, including longer operating histories, larger and broader customer base, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution budgets 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 other product lines. Our competitors may enter into business combinations or alliances. Our competitors may also be able to respond more quickly and effectively than we do to new or changing opportunities, standards or customer 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.

25. *We continue exploring potential growth areas for our business and to achieve this we may pursue several initiatives. We cannot assure whether these initiatives will be successful and / or generate results as expected by us.*

There is currently a spurt in products being purchased online and there is growing acceptance of the same. As part of our growth strategy, our Company is in the initial phases of testing the e-commerce platform and for that purpose has created www.store.vipclothing.in. Although such a change is needed as a result of change in the consumption pattern, increase in the income levels of individual customers, shift in buying pattern in terms of ready to wear and growing urbanization, however, any failure to earn adequate revenues from these capital expenditures may result in a loss of capital as well as operating losses thereby adversely affecting the profits of our Company. While we consider these growth avenues we cannot assure you whether these initiatives will be successful and / or generate results as expected by us.

26. *We do not own certain land on which we have established facilities and we enjoy a leasehold right over such properties and any revocation or adverse changes in the terms of our leases may have an adverse effect on our business and financial results.*

Some of our premises from which we operate has been taken on leave and license basis from third parties including our Registered Office. In the event that we are required to vacate these premises and relocate our Company's registered office/ branch office, we will be required to expend time and financial resources to locate suitable premises to set up these units, which may adversely affect our financial condition. Also, we may be unable to relocate to an appropriate location in a timely manner, or at all. Additionally, if the owner

of such premises renews such agreements on terms and conditions that are unfavourable to our Company or terminates the agreements prior to its tenure, our business and results of operations may be adversely affected. In addition, any adverse impact on the title and ownership rights of the owners from whose premises we operate or any breach of the contractual terms of such leave and license agreements may adversely impact us

Further, some of our leave and license agreements have certain irregularities such as inadequate stamping and/or non-registration of deeds and agreements. The effect of inadequate stamping and non-registration is that the document is not admissible as evidence in legal proceedings, and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping and non-registration. In the event of any dispute arising out of such unstamped or inadequately stamped and/or unregistered agreements, we may not be able to effectively enforce our rights arising out of such agreements which may have an adverse impact on the business and operations of our Company.

27. *We have, in the past, entered into related party transactions and may continue to do so in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.*

We have entered into transactions with several related parties, aggregating ₹ 205.78 lakhs and ₹ 207.22 lakhs, for FY 2017 and FY 2016, which were conducted in compliance with applicable laws. For further details please refer to section titled “Financial Statements” on page 62.

Whilst we believe that all our related party transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Further, the transactions we have entered into, or any future transactions with our related parties, have involved or may potentially involve conflicts of interest. It is likely that we may continue to enter into related party transactions in the future and we cannot assure you that such transactions, individually or in the aggregate, will not adversely affect our financial condition and results of operations.

28. *Our insurance coverage may be inadequate to satisfy future claims against us.*

We maintain insurance that we consider to be typical in our industry in India and in amounts which are commercially appropriate for a variety of risks, including fire and other perils. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our business operations, particularly if the loss suffered is not easily quantifiable. Our insurance policies contain exclusions and limitations on coverage, as a result of which, we may not be able to successfully assert our claims for any liability or loss under such insurance policies. Additionally, there may be various other risks and losses for which we are not insured because such risks are either uninsurable or not insurable on commercially acceptable terms.

Furthermore, there can be no assurance that in the future we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable.

The occurrence of an event for which we are not insured, where the loss is in excess of insured limits occurs or where we are unable to successfully assert insurance claims from losses, could result in uninsured liabilities. In 2012, there was a fire incident at the Stitching Unit located at Thingalur, Tamil Nadu as a result of which there was severe damage to the property of the Company. Although immediate actions were taken to minimise the damage caused, we cannot assure you that such incidents will not happen in the future and have an adverse impact on the financial condition and operations of our Company. Our Company had filed the claim with the insurance company and the same has been settled.

Further, despite such uninsured losses we may remain obligated for any financial indebtedness or other obligations related to our business. Any such uninsured losses or liabilities could result in an adverse effect on our business and financial results.

29. *Our Company is subject to risks arising from interest rate fluctuations, which could adversely affect the financial results of our Company.*

As on March 31, 2017, our Company has outstanding short term loans and working capital facilities to the tune of ₹ 208.34 lakhs and ₹ 8,171.48 lakhs respectively. Any increase in the interest rates could significantly raise the costs of borrowing shall adversely affect the results of our Company.

30. *Exchange rate fluctuations may adversely affect our results of operations as our sales from exports and a portion of our expenditures are denominated in foreign currencies.*

Our financial statements are prepared in Indian Rupees. However, our sales from exports are denominated in foreign currencies, mostly the U.S. dollars. For Fiscal 2017, our revenue from exports was ₹ 2,013.83 lakhs and revenue from exports as a percentage of total revenue from operations was 8.68%. Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. While we have a credit facility for forward contracts sanctioned to enable us to protect our exposure, we are still affected by fluctuations in exchange rates among the U.S. dollar and the Indian Rupee and we cannot assure you whether hedging or other risk management strategies will be effective.

31. *Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our business, results of operations and financial condition*

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy requires us to develop and strengthen relationships with existing customers for our business of innerwear, loungewear, thermal wear for men and women who may drive high volume orders on an ongoing basis. In order to remain competitive, we seek to increase our business from existing customers and by adding new customers. Our success in implementing our growth strategies amongst others may be affected by:

- our ability to maintain the quality of our products;
- our ability to increase our customer base;
- the general condition of the global economy (particularly of India and the other markets that we currently or may operate in);
- our ability to compete effectively with existing and future competitors, including in the innerwear, lounge wear, thermal wear for men and women category based in India and other markets that we currently or may operate in; and
- changes in the Indian or international regulatory environment applicable to us.

Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. Separately, our growth strategy also involves expanding into new geographic markets which will involve additional risk. We intend to pursue new customers globally for our business of innerwear, lounge wear, thermal wear for men and women.

While we may have been successful in executing our business strategies in the past, there can be no assurance that we will be able to execute our strategy on time and effectively, or that our expansion and development plans will increase our profitability. We expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and growth strategy could have a material adverse effect on our business, financial condition and profitability.

32. *Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and/or surplus of products, which could harm our business.*

We monitor our inventory levels based on our own projections of future demand. Because of the length of time necessary to produce commercial quantities of our products, we must make production decisions well

in advance of sales. An inaccurate forecast of demand for any product can result in the unavailability/surplus of products. This unavailability of products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially and ultimately create write-offs of inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

33. ***Our Company's management will have flexibility in utilising the Net Proceeds and that there is no assurance that the deployment of the Net Proceeds in the manner intended by our Company will result in any increase in the value of your investment. Further, the funding plan has not been appraised by any bank or financial institution.***

Our Company intends to use the Net Proceeds for the purposes described in “*Objects of the Issue*” on page 43. As our Company's management has broad discretion to use the Net Proceeds from the Issue, you will be relying on the judgment of our Company's management regarding the application of these Net Proceeds.

Our Company, in accordance with the policies formulated by the Board of Directors from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation of the Net Proceeds for the purposes described above, our Company will deposit the Net Proceeds only with scheduled commercial banks included in second schedule of the Reserve Bank of India Act, 1934. The use of the Net Proceeds for purposes identified by our management may not result in actual growth of its business, increased profitability or an increase in the value of your investment.

34. ***Quality concerns and negative publicity if any, would adversely affect the value of our brand and our sales.***

Our business is dependent on the trust our customers have in the quality of our innerwear products as well as on our ability to protect our trademarks and our intellectual property to maintain our brand value. If we fail to adequately protect our intellectual property, competitors may market products similar to ours. Any negative publicity regarding our Company, brands, or products, including those arising from a drop in quality of our products from our vendors, disputes concerning the ownership of intellectual property or any other unforeseen events could adversely affect our reputation our brand value, our operations and our results from operations.

35. ***Our Company is dependent on third party transportation providers for the supply of raw materials and delivery of our products and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.***

As a manufacturing business, our success depends on the smooth supply and transportation of the raw materials required for our manufacturing process and transportation of our products from our units or warehouses to our customers and distributors, both of which are subject to various uncertainties and risks. We use a combination of third party transportation providers and our own fleet for the delivery of raw materials to us and delivery of our products to our customers and distributors. Transportation strikes have had in the past, and could again in the future, have an adverse effect our supplies and our deliveries to and from our customers and suppliers in a timely and cost efficient manner. In addition, raw materials and products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect our business and our results of operation negatively. A failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations.

EXTERNAL RISK FACTOR

36. *General economic conditions in India and globally could adversely affect the business and results of operation of our Company.*

Our results of operations and financial condition depend significantly on worldwide economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, financial performance and operations.

We predominantly derive revenue from our operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors.

Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. There have been periods of slowdown in the economic growth of India. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements, global economic uncertainty and liquidity crisis, volatility in exchange currency rates and annual rainfall, which affects agricultural production. Any continued or future slowdown in the Indian economy or a further increase in inflation could have a material adverse effect on the price of our raw materials and demand for our products and, as a result, on our business and financial results. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

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

Our business and financial performance could be adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business including those relating to the garments industry in India. There can be no assurance that the Government of India or state governments will not introduce new laws, regulations and policies which will require us to obtain additional approvals and licenses or impose onerous requirements on our business.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the GAAR are proposed to be made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us. Further, the GoI proposed to revamp the implementation of direct taxes by way of the introduction of the Direct Tax Code, 2013.

Further, the Government of India has implemented The Goods and Services Act, 2017 with effect from July 1, 2017 that combines 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 that the said act has been notified recently and is still in the process of implementation, which 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.

We have not determined the impact of these 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.

38. *Companies operating in India are subject to a variety of taxes and surcharges.*

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. 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. Additional tax exposure could adversely affect our business, cash flows and results of operations.

39. *Terrorist attacks, civil unrest, and other acts of violence or war involving India and other countries or the occurrence of natural or man-made disasters may adversely affect the financial markets and our business.*

The occurrence of natural disasters, including hurricanes, floods, tsunamis, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, and adversely affect our business. In addition, any deterioration in relations between India and its neighboring countries might result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares.

An outbreak of a communicable disease in India or in the particular region in which we have operations would adversely affect our business and financial conditions and the result of operations. We cannot assure that such events will not occur in the future or that our business, results of operations and financial condition will not be adversely affected.

Some states in India have also witnessed civil unrest including communal disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India may have a negative impact on us. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our business and the price of our Equity Shares.

40. *Our business and activities will be regulated by the Competition Act, 2002 (“Competition Act”) and any application of the Competition Act to us could have a material adverse effect on our business, financial condition and results of operations.*

The Competition Act, 2002, or the Competition Act, prohibits practices that could have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors which directly or indirectly determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or

types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise either directly or indirectly, including by way of unfair or discriminatory pricing or conditions in the sale of goods or services, using a dominant position in one relevant market to enter into, or protect, another relevant market, and denial of market access, and such practices are subject to substantial penalties and may also be subject to compensation for losses and orders to divide the enterprise. Further, the Competition Commission of India has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. There can be no assurance that we will be able to obtain approval for such future transactions on satisfactory terms, or at all.

If we or any member of our group are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the Competition Commission of India or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our business, financial results and reputation may be materially and adversely affected.

41. *Investors may have difficulty enforcing judgments against our Company or our management.*

We are incorporated under the laws of India and all our Directors, key management personnel and senior management personnel reside in India. All of our assets, and majority of the assets of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Code. Further, the Civil Code only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India cannot be enforced or executed in India.

As a result, you may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws.

42. *Public companies in India, including our Company, will be required to prepare financial statements under IFRS or IndAS (a variation of IFRS). The transition to IFRS or IndAS in India is very recent and still unclear and our Company may be negatively affected by such transition.*

Our Company had been preparing its annual and interim financial statements under Indian GAAP. For details, please refer “*Certain Conventions, Use of Financial, Industry and Currency of Presentation*” on page 7. Public companies in India, including our Company, are required to prepare annual and interim financial statements under Indian Accounting Standard 101 “First-time Adoption of Indian Accounting Standards (“IndAS”). On January 2, 2015, the Ministry of Corporate Affairs, Government of India (the “MCA”) announced the revised roadmap for the implementation of Ind-AS (on a voluntary as well as mandatory basis) for companies other than banking companies, insurance companies and non-banking finance companies through a press release (the “**Press Release**”). Further, on February 16, 2015, the MCA has released the Companies (Indian Accounting Standards) Rules, 2015 (the “**Ind AS Rules**”) which has come into effect from April 1, 2015. The Ind AS Rules provide for voluntary adoption of Ind AS by

companies in fiscal 2015. Ind-AS will be required to be implemented on a mandatory basis by companies. The timing of such mandatory implementation depends *inter alia* on the networth of the companies and whether the company has securities listed or not. In preparing their first annual financial statements under IND AS, companies in India, including ourselves, will be required to prepare annual as per Indian Accounting Standard 101 “First-time Adoption of Indian Accounting Standards (“**Ind-AS**”). The recognition and measurement principles of IND-AS (including IND AS 101) will also be applicable in the preparation of our interim financial results. Further, from April 1, 2017 onwards, our Company is required to prepare its financials as per Ind-AS.

There is not yet a significant body of established practice on which to draw informing judgments regarding its implementation and application. Additionally, Ind-AS differs in certain respects from IFRS and Indian GAAP and therefore financial statements prepared under Ind-AS may be substantially different from financial statements prepared under IFRS and Indian GAAP. There can be no assurance that our financial condition, results of operation, cash flow or changes in shareholders’ equity will not be presented differently under Ind-AS than under Indian GAAP or IFRS. When we adopt Ind-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. There can be no assurance that the adoption of Ind-AS by us will not adversely affect its results of operation or financial condition and hence the financials of the current financial year will not be comparable to the financials of the previous financial year.

43. *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.

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

Our Company is subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility 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 breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares may be adversely affected.

45. *Any future issuance of the Equity Shares may dilute your future shareholding and sales of the Equity Shares by the Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.*

Any future equity issuances by our Company may lead to dilution of your future shareholding in our Company. Any future equity issuances by our Company or sales of the Equity Shares by the Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Share. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Share.

Except as otherwise stated in the Draft Letter of Offer, there is no restriction on our Company's ability to issue the Securities or the relevant shareholders' ability to dispose of their Equity Share, and there can be no assurance that our Company will not issue Equity Share or that any such shareholder (including Promoters and Promoter Group) will not dispose of, encumber, or pledge its Securities.

46. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

47. *Political instability or significant changes in the economic liberalisation and deregulation policies of the Government or in the government of the states where the Company operates could disrupt its business.*

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. The Company's businesses, and the market price and liquidity of its securities may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India. In recent years, India has been following a course of economic liberalisation and the Company's business could be significantly influenced by economic policies followed by the Government.

However, there can be no assurance that such policies will continue in the future. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

PROMINENT NOTES

1. Issue of [●] Equity Shares of face value of ₹ 2 each for cash at a price of ₹ [●] per Rights Equity Share including a share premium of ₹ [●] per Rights Equity Share aggregating up to ₹ 4,300 lakhs to the Eligible Equity Shareholders on a rights basis in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by them on the Record Date.
2. As on March 31, 2017, the net worth of our Company is ₹ 8,753.52 Lakhs as described in the section "*Financial Information*" on page 62.
3. For details of our transactions with the related parties during Fiscal 2017 as per AS 18, the nature of such transactions and the cumulative value of such transactions, please see the section "*Financial Information*" on page 62.

4. There has been no financing arrangement whereby the Promoter Group, our Directors and their relatives have financed the purchase by any other person of our securities 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 Draft Letter of Offer with SEBI.

Investors may contact the Lead Manager, Registrar to the Issue or the Compliance Officer for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Application has been submitted by the ASBA Investor. For contact details please see section “*General Information*” on page 32.

SECTION III – INTRODUCTION

SUMMARY OF THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “Terms of the Issue” on page 117:

Rights Equity Shares being offered by our Company	[●] Equity Shares
Rights Entitlement	[●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date.
Record Date	[●]
Face value per Equity Share	₹ 2
Issue Price per Rights Equity Share	[●]
Issue Size	Up to ₹ 4,300 lakhs
Equity Shares outstanding prior to the Issue	6,60,77,215 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares
Terms of the Issue	For more information, please see the section titled “Terms of the Issue” on page 117.
Use of Issue Proceeds	For more information, please see the section titled “Objects of the Issue” on page 43.
Security code / Symbol	ISIN: INE450G01024 BSE: 532613 NSE Symbol: VIPCLOTHNG

Terms of Payment

The entire Issue Price will be paid on Application.

SUMMARY OF THE FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Audited Financial Statements prepared in accordance with Companies Act, the Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards and other applicable statutory and / or regulatory requirements. The Company does not have any holding company or a subsidiary company. Unless stated otherwise, the summary of financial information presented below, is in ₹ Lakhs and should be read in conjunction with the financial information and the notes thereto included in the section titled “Financial Information”, on page 62.

STATEMENT OF ASSETS AND LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
I. EQUITY AND LIABILITIES		
(1) Shareholders’ funds		
(a) Share capital	1,321.54	1,321.54
(b) Reserves and surplus	7,431.98	8,011.57
(2) Non-current liabilities		
(a) Long-term borrowings	-	-
(b) Deferred tax liabilities (net)	1,220.25	1,261.85
(c) Other long-term liabilities	466.10	434.00
(3) Current liabilities		
(a) Short-term borrowings	8,529.82	9,397.29
(b) Trade payables	3,310.19	3,401.66
(c) Other current liabilities	564.52	479.17
(d) Short-term provisions	47.36	25.53
TOTAL	22,891.76	24,332.61
II. ASSETS		
(1) Non-current assets		
(a) Fixed assets		
(i) Tangible assets	3,348.48	4,770.19
(ii) Intangible assets	1,338.24	1,382.74
	4,686.72	6,152.93
(iii) Capital Work in Progress	-	14.52
(b) Non current investments	1.15	1.15
(c) Deferred tax assets (Net)	-	-
(d) Long-term loans and advances	785.16	734.17
(e) Other non-current assets	-	-
(2) Current assets		
(a) Inventories	10,331.67	11,556.08
(b) Trade receivables	6,646.49	5,503.62
(c) Cash and cash equivalents	382.22	291.15
(d) Short-term loans and advances	58.35	78.99
TOTAL	22,891.76	24,332.61

STATEMENT OF PROFIT & LOSS

(₹ in Lakhs)

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
CONTINUING OPERATIONS		
Revenue from operations (Gross)	23,209.75	19,446.02
Less: Excise duty	-	-
Revenue from operations (net)	23,209.75	19,446.02
Other income	91.20	58.46
Total revenue	23,300.95	19,504.48
Expenses		
(a) Cost of materials consumed	13,135.39	13,468.50
(b) Changes in inventories of finished goods and work-in-progress	1,012.64	(1,962.50)
(c) Employee benefits expense	1,721.42	1,570.38
(d) Advertisement & Publicity Expenses	326.10	1,077.91
(e) Finance costs	1,218.60	1,259.97
(f) Depreciation and amortization expense	357.66	386.74
(g) Other expenses	5,307.60	5,296.89
Total expenses	23,079.41	21,097.89
Profit / (Loss) before exceptional items and tax	221.54	(1,593.41)
Exceptional items	(720.64)	791.16
Profit / (Loss) before tax	(499.10)	(802.25)
Tax expense:		
(a) Current tax expense for current year	-	-
(b) Current tax expense relating to prior years	-	(22.98)
(c) Deferred tax	41.60	(23.28)
Profit / (Loss) from continuing operations	(457.50)	(848.51)
DISCONTINUING OPERATIONS		
Profit / (Loss) from discontinuing operations (before tax)	(122.14)	(144.67)
Add / (Less): Tax expense of discontinuing operations	-	-
(a) on ordinary activities attributable to the discontinuing operations	-	-
Profit / (Loss) from discontinuing operations	(122.14)	(144.67)
TOTAL OPERATIONS	(579.64)	(993.18)
Profit / (Loss) for the year	(579.64)	(993.18)
Earnings per share (of ₹ 2/- each):		
Basic and Diluted	-	-

STATEMENT OF CASH FLOW

(₹ in Lakhs)

Particulars	Year ended 31st Mar, 2017	Year ended 31st March, 2016
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary items	99.45	(1,738.08)
Adjustment for:		
1) Depreciation and Amortization	407.46	489.67
2) Investment Written Off	-	-
3) Insurance Claim	-	(2.01)
4) Duty Draw Back	(142.40)	(133.67)
5) Other Income	(38.06)	(21.19)
6) Amortization of share issue exp. & discount on shares	-	-
7) (Profit)/Loss on sale of Assets (Net)	12.47	79.77
8) Financial Cost	1,218.60	1,260.04
9) Interest Received	(52.38)	(29.36)
10) Rental Income from Investment Properties	(0.75)	(0.75)
	1,404.94	1,642.50
Operating Profit before Working Capital Changes	1,504.39	(95.58)
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets:		
(Increase) / Decrease in Inventories	1,224.40	(2,322.02)
(Increase) / Decrease in Trade Receivables	(1,142.87)	2,058.47
(Increase) / Decrease in Short Term Loans & Advances	20.65	(23.10)
(Increase) / Decrease in Long Term Loans & Advances	(40.99)	646.69
Increase / (Decrease) in Trade Payables	(91.47)	232.84
Increase / (Decrease) in Other Current Liabilities	88.84	(136.83)
Increase / (Decrease) in Short Term Provisions	21.83	(8.37)
(Increase)/Decrease in Working Capital	80.39	447.68
Cash Generated From Operations	1,584.78	352.10
Add/(Less):		
Direct Tax Refunds	-	(11.85)
Direct Taxes Paid	(10.00)	(270.05)
	(10.00)	(281.90)
Cash Flow from Extraordinary items		
Add:		
Profit on Slum Sale	(720.64)	791.16
Insurance Claim	-	2.01
Duty Drawbacks	142.40	133.67
	(578.24)	926.84
Net Cash Flow from / (used in) Operating Activities	(A)	996.54
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(50.00)	(272.53)
Capital Work in Progress	14.52	170.53
Sale of Fixed Assets	1,096.27	207.75
Sale of Investments	-	-
Other Income	38.06	21.19
Interest Income	52.38	29.36
Rental Income from Investment Properties	0.75	0.75
Net Cash Flow from / (used in) Investing Activities	(B)	1,151.98
C. Cash Flow From Financing Activities		

Particulars	Year ended 31st Mar, 2017	Year ended 31st March, 2016
Share Capital-Equity	-	60.00
Share Capital-Preference	-	(394.98)
Buy Back of Shares	-	(342.00)
Security Premium	-	1,080.00
Security Deposit Received	36.61	51.70
Repayment of Other Long Term Liabilities	(4.50)	(10.07)
Increase / (Decrease) in Utilisation of Cash Credit	(108.17)	7.82
Proceeds from Short Term Borrowings	(759.30)	(36.60)
Financial cost	(1,218.60)	(1,260.04)
Dividends paid	(3.49)	(225.23)
Dividends Tax paid	-	(47.67)
Net Cash Flow from / (used in) Financing Activities		
	(C)	(2,057.45)
(1,117.07)		
Net Increase / (Decrease) in Cash & Cash Equivalents		
(A+B+C)	91.07	37.02
Cash and Cash Equivalents at the beginning of the year	291.15	254.13
Cash and Cash Equivalents at the end of the year	382.22	291.15
Comprises:		
(a) Cash on Hand	0.12	0.20
(b) Balances with Banks		
(i) In Current Accounts	2.60	30.59
(ii) In Deposit Accounts	366.02	243.39
(iii) In Earmarked Accounts: - Unpaid Dividend Account	13.48	16.97
Net Increase in Cash & Cash Equivalents	382.22	291.15

GENERAL INFORMATION

Our Company was incorporated as “Maxwell Apparels Industries Private Limited” on January 14, 1991 with the Registrar of Companies, Maharashtra, Bombay, as a private limited company under the Companies Act, 1956. The name of our Company was changed to “Maxwell Apparel Industries Private Limited” on March 22, 1991 vide a fresh certificate of incorporation consequent on change of name issued by Additional Registrar of Companies, Maharashtra. Thereafter, the name of our Company was changed to “Maxwell Apparel Industries Limited” on December 28, 1992 vide certificate of change of name issued by Registrar of Companies, Maharashtra, Bombay. The name of our Company was further changed to “Maxwell Industries Limited” on April 27, 2000 vide fresh certificate of incorporation consequent on change of name issued by Deputy Registrar of Companies, Maharashtra, Mumbai. The name of the Company was further changed to “VIP Clothing Limited” on October 19, 2016 vide certificate of incorporation pursuant to change of name issued by Registrar of Companies, Mumbai.

Registered Office of our Company

VIP Clothing Limited

C-6, Road No. 22,
MIDC, Marol, Andheri (East),
Mumbai – 400 093,
Maharashtra, India
Telephone: +91 22 28257624/27
Fax: +91 22 28371023/24
Website: www.vipclothing.in
CIN: L18101MH1991PLC059804

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Mumbai located at the following address:

Registrar of Companies

100, 5th Floor, Everest,
Near Marine Lines Railway Station,
Marine Drive, Mumbai - 400002
Maharashtra, India

Compliance Officer

Mr. Ashish Mandaliya

Chief Financial Officer and Company Secretary

C-6, Road No. 22, MIDC,
Marol, Andheri (East),
Mumbai – 400 093,
Maharashtra, India
Telephone: +91 22 2825 7624/27
Fax: +91 22 2837 1023/24
E-mail: ashish.mandaliya@viporg.com

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the CAF or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors. For further details on the ASBA process, refer to the details given in the CAF and “*Terms of the Issue*” on page 117.

Lead Manager

Inga Capital Private Limited

Naman Midtown,
21st Floor, 'A' Wing,
Senapati Bapat Marg,
Elphinstone (West)
Mumbai – 400 013
Maharashtra, India

Telephone: +91 22 4031 3489

Fax: +91 22 4031 3379

Contact Person: Mr. Ashwani Tandon

Email: vip.rights@ingacapital.com

Website: www.ingacapital.com

Investor Grievance Email: investors@ingacapital.com

SEBI Registration Number: INM000010924

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.

4th Floor, State Bank Building
N.G.N Vaidya Marg, Fort
Mumbai – 400 023
Maharashtra, India

Telephone: +91 22 2266 8000

Facsimile: +91 22 2266 3978

E-mail: sanjay.asher@crawfordbayley.com

Legal Advisor to the Company

Bathiya Legal

909, Hubtown Solaris, Near East West Flyover,
N. S. Phadke Marg, Andheri (E), Mumbai 400069,
Maharashtra, India

Telephone: +91 22 6133 8050

Facsimile: +91 22 6133 8080

E-mail: info@bathiyalegal.com

Registrar to the Issue

Link Intime India Private Limited

C-101, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli West, Mumbai 400 083

Telephone: +91 22 4918 6200

Fax: +91 22 4918 6195

Email: vipclothing.rights@linkintime.co.in

Website: www.linkintime.co.in

Investor Grievance Email: vipclothing.rights@linkintime.co.in

Contact Person: Mr. Sumeet Deshpande

SEBI Registration Number: INR000004058

Statutory Auditors of our Company

M/s. Sharp & Tannan

Chartered Accountants

Ravindra Annexe, 194,
Churchgate Reclamation,
Dinshaw Vachha Road,
Mumbai-400020
Telephone: +91 22 22047722/23/66338343
Fax: +91 22 66338352
Email: admin.mumbai@sharpandtannan.com
Firm Registration Number: 109982W

Banker(s) to the Issue

[●]

Refund Bank

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on www.sebi.gov.in. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Statement of responsibilities of the Lead Manager to the Issuer

Inga Capital Private Limited is the sole Lead Manager and its responsibilities are as follows:

Sr. No.	Activity
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Drafting, design and distribution of the Letter of Offer, Abridged Letter of Offer, CAF, etc.
3.	Assistance in selection of various agencies connected with the Issue, namely Registrar to the Issue, Banker to the Issue, printers and advertising agency.
4.	Drafting and approval of all publicity material including statutory advertisements, corporate advertisements, brochures, corporate films, etc.
5.	Liaising with the Stock Exchanges and SEBI, including for obtaining in-principle approval and completion of prescribed formalities with the Stock Exchanges and SEBI
6.	Post-Issue activities, which shall involve essential follow-up steps including finalisation of basis of allotment, listing of instruments and dispatch of certificates or demat credit and refunds, with the various agencies connected with the post-Issue activities such as Registrar to the Issue and Banker to the Issue.

Expert

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

Our Company has received written consent from the Auditor to include its name as an expert under Section 2(38) and Section 26(5) of the Companies Act in the Draft Letter of Offer in relation to the report of the Auditors on audited financial statements dated May 11, 2017. Our Company has also received written consent from Auditor, to include its name as an expert under Section 26(5) of the Companies Act in the Draft Letter of Offer in relation to the report on statement of tax benefits dated July 22, 2017 and such consent has not been withdrawn as of the date of the Draft Letter of Offer. The term “expert” and consent thereof does not represent an expert or consent within the meaning under the Securities Act, 1933 of the United States of America.

Further, our Company has received a written consent from Marmik D. Patel, Practising Company Secretary, dated July 28, 2017 to include their name as an “expert” under Section 2(38) of the Companies Act, 2013 in the Draft Letter of Offer.

Debenture Trustee

As this is an Issue of Equity Shares, the appointment of debenture trustee is not required.

Monitoring Agency

There is no requirement for a monitoring agency in terms of sub regulation (1) of Regulation 16 of SEBI ICDR Regulations since the Issue size is less than ₹ 10,000 lakhs. However, as per the SEBI Listing Regulations, the audit committee appointed by the Board would be monitoring the utilization of the proceeds of the Issue.

Credit rating

As the Issue is a rights issue of Equity Shares, no credit rating is required.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any bank or financial institution.

Underwriters to the Issue

Our Company has not entered into any underwriting arrangement, for the Issue. We may enter into such an arrangement for the purpose of the Issue at an appropriate time and on such terms and conditions as we may deem fit.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Principal Terms of Loans and Assets charged as security

For details in relation to the principal terms of loans and assets charged as security of our Company, please see the section “Financial Information” on page 62.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date	[●]
Last Date for request for SAFs	[●]
Issue Closing Date	[●]
Finalisation of basis of allotment with the Designated Stock Exchange	On or about [●]
Date of Allotment	On or about [●]
Initiation of Refunds	On or about [●]
Credit of Rights Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of Rights Equity Shares on the Stock Exchanges	On or about [●]

The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

CAPITAL STRUCTURE

Our share capital and related information as on the date of the Draft Letter of Offer, is set forth below:

Particulars	Aggregate Nominal Value (in ₹ lakhs)	Aggregate Value at Issue Price (in ₹ lakhs)
AUTHORISED SHARE CAPITAL		
15,00,00,000 Equity Shares of face value of ₹ 2 each	3,000.00	-
45,00,00,000 Redeemable Preference Shares of face value of ₹100 each	4,500.00	
	7,500.00	
ISSUED, SUBSCRIBED AND FULLY PAID UP SHARE CAPITAL BEFORE THE ISSUE		
6,60,77,215 Equity Shares of ₹ 2 each	1,321.54	-
PRESENT ISSUE BEING OFFERED TO THE EQUITY SHAREHOLDERS THROUGH THE DRAFT LETTER OF OFFER⁽¹⁾⁽²⁾		
[●] Rights Equity Shares of face value ₹ 2 each at a premium of ₹ [●] i.e. at an Issue Price of ₹ [●]	[●]	[●]
ISSUED, SUBSCRIBED AND FULLY PAID UP EQUITY SHARE CAPITAL AFTER THE ISSUE⁽³⁾		
[●] Equity Shares of ₹ 2 each	[●]	-
SECURITIES PREMIUM ACCOUNT		
Existing securities premium account	3,689.49	-
Securities premium account after the Issue ⁽³⁾	[●]	-

1. The Issue has been authorized by the Board of Directors under section 62(1) (a) of the Companies Act, 2013 and other provisions of the Companies Act in its meeting held on April 22, 2017.
2. The present Issue of Equity Shares on a rights basis is in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by our existing equity shareholders on the Record Date i.e. [●].
3. Assuming full subscription for and allotment of the Rights Entitlement

Notes to the Capital Structure

1. Details of outstanding instruments:

Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of the Draft Letter of Offer.

2. Our Company in its annual general meeting held on September 27, 2016 had approved the ESOS 2016 authorising the Company to issue not exceeding 10,00,000 employee stock options convertible into not more than 10,00,000 Equity Shares. As on the date of the Draft Letter of Offer, our Company has not granted any employee stock options under ESOS 2016.
3. The shareholding pattern of our Company as on June 30, 2017 is as follows:
 - a. The table below presents the summary statement holding of specified securities as on June 30, 2017 is as follows:

Table I – Summary statement holding of specified securities

Category of Shareholders	No. of Shareholders	No. of fully Paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. shares (Calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of locked in shares		No. of equity shares held in dematerialized form
					No. (a)	As a % of total shares held (b)	
(A) Promoter & Promoter Group	7	4,30,97,868	4,30,97,868	65.22	30,00,000	6.96	4,30,97,868
(B) Public	16,658	2,29,79,347	2,29,79,347	34.78	-	0.00	2,12,28,220
(C1) Shares Underlying DRs	-	-	-	0.00	-	0.00	-
(C2) Shares held by Employee Trust	-	-	-	0.00	-	0.00	-
(C) Non Promoter-Non Public	-	-	-	0.00	-	0.00	-
Grand Total	16,665	6,60,77,215	6,60,77,215	100.00	30,00,000	4.54	6,43,26,088

Table II- Statement showing shareholding pattern of our Promoter and Promoter Group as on June 30, 2017 is as follows:

Category of Shareholders	No. of Shareholder	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. shares (Calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of locked in shares		No. of equity shares held in dematerialized form
					No. (a)	As a % of total Shares held	
A1) Indian				0.00		0.00	
Individual/ Hindu Undivided Family	7	4,30,97,868	4,30,97,868	65.22	30,00,000	6.96	4,30,97,868
Ashwini Kapil Pathare	1	5,04,375	5,04,375	0.76	5,00,000	99.13	5,04,375
Heena S Pathare	1	6,12,500	6,12,500	0.93	-	0.00	6,12,500
Jaykumar K Pathare HUF*	1	12,62,166	12,62,166	1.91	-	0.00	12,62,166
Lalita Jaykumar Pathare	1	1,03,07,937	1,03,07,937	15.60	-	0.00	1,03,07,937

Category of Shareholders	No. of Shareholder	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. shares (Calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of locked in shares		No. of equity shares held in dematerialized form
					No. (a)	As a % of total Shares held (b)	
Jaykumar Khaderao Pathare*	1	1,15,500	1,15,500	0.17	—	0.00	1,15,500
Kapil J Pathare	1	1,41,84,465	1,41,84,465	21.47	25,00,000	17.62	1,41,84,465
Sunil Jaykumar Pathare	1	1,61,10,925	1,61,10,925	24.38	—	0.00	1,61,10,925
Sub Total A1	7	4,30,97,868	4,30,97,868	65.22	30,00,000	6.96	4,30,97,868
A2 foreign	-	-	-	0.00	-	0.00	-
A= A1+A2	7	4,30,97,868	4,30,97,868	65.22	30,00,000	6.96	4,30,97,868

* Our erstwhile promoter Late Shri Jaykumar Pathare who held the aforementioned Equity Shares in the Company on joint holding basis, individual basis and also in capacity as a Karta of HUF, passed away on January 16, 2017 intestate. The Equity Shares held by him on joint holding basis have been transferred to the surviving joint holder. However, the Equity Shares held by him individually and in capacity as a Karta of HUF have not yet been transferred, inter alia due to pending process of obtaining a succession certificate under the Hindu Succession Act, 1956 or any other alternative legal mechanism for the completing the transfer formalities. For further details, please refer Risk Factor no. 2 on page 9.

Table III- Statement showing shareholding pattern of the public shareholders and holding more than 1% of the total number of shares held as on June 30, 2017 is as follows:

Category of Shareholders	No. of Shareholders	No. of fully Paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. shares (Calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Rights	Number of locked in shares		No. of equity shares held in dematerialized form
							No. (a)	As a % of total shares held (b)	
B1) Institutions	0	0	-	0.00	—	0.00	—	0.00	—
Mutual Funds	1	875	875	0.00	875	0.00	—	0.00	875

Category of Shareholders	No. of Share holders	No. of fully Paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. shares (Calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Rights	Number of locked in shares		No. of equity shares held in dematerialized form
							No. (a)	As a % of total shares held (b)	
Foreign Portfolio Investors	2	3,62,973	3,62,973	0.55	3,62,973	0.55	—	0.00	3,62,973
Financial Institution/Banks	2	73,224	73,224	0.11	73,224	0.11	—	0.00	73,224
Sub Total B1	5	4,37,072	4,37,072	0.66	4,37,072	0.66	—	0.00	4,37,072
B2) Central Government/ State Government(s)/ President of India	0	0	—	0.00	—	0.00	—	0.00	—
B3) Non-Institution	0	0	—	0.00	—	0.00	—	0.00	—
Individual Share Capital upto ₹ 2 Lakhs	15,280	1,09,03,849	1,09,03,849	16.50	1,09,03,849	16.50	—	0.00	98,21,655
Individual share capital in excess of ₹ 2 Lakhs	6	33,88,063	33,88,063	5.13	33,88,063	5.13	—	0.00	31,08,063
Ashish	1	16,13,118	16,13,118	2.44	16,13,11	2.44	—	0.00	16,13,118

Category of Shareholders	No. of Share holders	No. of fully Paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. shares (Calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Rights	Number of locked in shares		No. of equity shares held in dematerialized form
							No. (a)	As a % of total shares held (b)	
Agarwal					8				
Madhulika Agarwal	1	11,44,438	11,44,438	1.73	11,44,438	1.73	—	0.00	11,44,438
Any other (specify)	1,367	82,50,363	82,50,363	12.49	82,50,363	12.49	—	0.00	78,61,430
HUF	483	8,62,471	8,62,471	1.31	8,62,471	1.31	-	0.00	8,62,471
Non-NRI Repat	55	3,93,327	3,93,327	0.60	3,93,327	0.60	—	0.00	3,93,327
NRI Repat	190	2,98,676	2,98,676	0.45	2,98,676	0.45	-	0.00	2,91,676
Clearing Members	283	10,18,801	10,18,801	1.54	10,18,801	1.54	-	0.00	10,18,801
Bodies Corporate	356	56,77,088	56,77,088	8.59	56,77,088	8.59	—	0.00	52,95,155
Suryavanshi Commotra de Private Limited	1	15,47,162	15,47,162	2.34	15,47,162	2.34	-	0.00	15,47,162
Sub Total B3	16,653	2,25,42,275	2,25,42,275	34.12	2,25,42,275	34.12	—	0.00	2,07,91,148
B= B1+B2+B3	16,658	2,29,79,347	2,29,79,347	34.78	2,29,79,347	34.78	—	0.00	2,12,28,220

Table IV- Statement showing shareholding pattern of the Non-promoter – Non- public shareholder as on June 30, 2017

Category & Name of the Shareholders(I)	No. of shares held(III)	No. of fully paid equity shares (IV)	Total no. shares held(VII) = IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of Locked in shares(XII)		Number of equity shares held in dematerialized form(XIV)
					No.	As a % of total Shares held	
C1) Custodian/DR Holder	0	0	–	0.00	–	0.00	–
C2) Employee Benefit Trust	0	0	–	0.00	–	0.00	–

Details of disclosure made by the Trading Members holding more than 1% of the total no of the shares of our Company as on June 30, 2017

SI No.	Name of Trading Member	Name of the Beneficial Owner	No. of Shares held	% of total no. of Shares	Date of reporting by the trading member
-	NIL	NIL	NIL	NIL	NIL

For details of the Equity Shares held by our Promoter and Promoter Group, which have been pledged and locked-in, see “*The shareholding pattern of our Company as on June 30, 2017*” above.

4. Intention and extent of participation by our Promoters and Promoter Group in the Issue:

Our Promoters have, by way of their letter dated July 21, 2017 undertaken on their behalf and on behalf of other members of Promoter and Promoter Group to subscribe to their Rights Entitlement in full in the Issue either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- through subscription in part or full and/or application for additional shares; and/or
- by renouncing their Rights Entitlement in part or full.

Our Promoters on their behalf and on behalf of other members of Promoter and Promoter Group have also confirmed that they intend to either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- subscribe to additional Equity Shares; and
- subscribe for unsubscribed portion in the Issue, if any, such that at least minimum subscription of 90% of the Issue is achieved.

Further, Our Promoters and Promoter Group reserve the right either through themselves or through underwriters and /or investors to additionally subscribe for any unsubscribed portion over and above minimum subscription in order to achieve full subscription in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion, if any, may be subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

5. None of our Promoters and Promoter Group have acquired any Equity Shares in the last one year immediately preceding the date of the Draft Letter of Offer save and except as under:

Our erstwhile promoter Late Shri Jaykumar Pathare who held 66,86,791 Equity Shares in the Company on joint holding basis, individual basis and also in capacity as a Karta of HUF, passed away on January 16, 2016 intestate. The Equity Shares held by him on joint holding basis have been transferred to the surviving joint holder, namely Sunil Jaykumar Pathare, Kapil Jaykumar Pathare and Lalita Jaykumar Pathare. However, the Equity Shares held by him individually and in capacity as a Karta of HUF have not yet been transferred, inter alia due to pending process of obtaining a succession certificate under the Hindu Succession Act, 1956 or any other alternative legal mechanism for the completing the transfer formalities. For further details, please refer Risk Factor no. 2 on page 9.

6. The ex-rights price of the Equity Shares as per Regulation 10(4) (b) of the Takeover Regulations is ₹ [●] per Equity Share
7. The present Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of Promoters' contribution are not applicable.
8. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares on the date of the Draft Letter of Offer. Further, the Rights Equity Shares when issued shall be fully paid-up.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Augmenting working capital requirements of our Company; and
2. General corporate purposes.

The main objects of the Memorandum of Association enable our Company to undertake the activities for which the funds are being raised pursuant to the Issue. The existing activities of our Company are within the ambit of the main objects and the objects incidental or ancillary to the main objects of the Memorandum of Association.

Requirement of Funds

The details of the Net Proceeds are set forth in the following table:

		(₹ in lakhs)
Particulars	Amount	
Gross proceeds from the Issue	4,300.00	
(Less) Issue related expenses	[●]*	
Net Proceeds of the Issue	[●]*	

**To be determined upon finalization of the Issue Price.*

Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Utilization of Net Proceeds

Our Company intends to utilize the Net Proceeds for the following objects:

			(₹ in lakhs)
Sr. No.	Particulars	Estimated amount	
1.	Augmenting working capital requirements of our Company	3,000.00	
2.	General corporate purposes	[●]*	
TOTAL		[●]*	

**To be determined upon finalization of the Issue Price.*

Schedule of Deployment

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Fiscal 2018. The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

However, if the Net Proceeds are not completely utilised for the objects stated above by March 31, 2018 due to aforesaid factors, the same would be utilised (in part or full) in Fiscal 2019 or a subsequent period as may be determined by our Company in accordance with applicable law.

In case of any variation in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised by way of the Issue. If surplus funds are unavailable, the required financing will be done through internal accruals and/or cash flows from our operations and debt. In case of a shortfall in the Net Proceeds, we may explore a range of options including additional debt from existing and future lenders.

For further details of factors that may affect these estimates, please see “*Risk Factors*” on page 9.

Details of the Objects of the Issue

1. Augmenting working capital requirements of our Company

Our business is predominantly working capital intensive. In past, we have funded our working capital requirements in the ordinary course of our business from equity funding, internal accruals and debt.

As on March 31, 2017 our sanctioned working capital facility consisted of aggregate fund based limits of ₹ 8,765.00 lakhs and aggregate non- fund based limits of ₹ 3,135.00 lakhs.

The details of the Company’s working capital requirements and its funding pattern for fiscal 2017 (actual) based on audited financial statements for fiscal 2017 and for fiscal 2018 (working capital estimates) are as set out in the table below:

Working Capital Requirements and its funding pattern for fiscal 2017(actual)

Sr. No.	Particulars	March 31, 2017 (Actual) (₹ in lakhs) #	Holding Level (Days)
I	Current Assets		
	a. Inventories	10,332	224
	b. Trade Receivables *	6,647	105
	c. Cash and cash equivalents	382	-
	d. Short-term loans and advances	58	
	Total (A)	17,419	
II	Current Liabilities		
	a. Short- term borrowings	358	-
	b. Trade Payables	3,310	91
	c. Other current liabilities	565	29
	d. Short- term provisions	47	-
	Total (B)	4,280	
III	Total working Capital Requirements (C) = (A – B)	13,139	
IV	Funding pattern		
	Part of the Net Proceeds to be utilized	-	
	Existing working capital facilities from banks utilized /proposed to be utilized	8,170	
	Internal Accruals	4,969	

*Trade receivables is the aggregate trade receivable which includes debtors for more than six months

#Figures have been rounded off to the nearest integer.

Sr. No	Particulars	March 31, 2018 (Estimated) (₹ in lakhs) #	Holding Level (Days)
I	Current Assets		
a.	Inventories	11,866	196
b.	Trade Receivables	5,975	73
c.	Cash and cash equivalents	1,816	-
d.	Other current assets	724	-
	Total (A)	20,381	
II	Current Liabilities		
a.	Short- term borrowings	-	-
b.	Trade Payables	3,863	75
c.	Other current liabilities	509	17
d.	Short- term provisions	0	-
	Total (B)	4,372	
III	Total working Capital Requirements (C) = (A – B)	16,009	
IV	Funding pattern		
	Part of the Net Proceeds to be utilized	3,000	
	Existing working capital facilities from banks utilized /proposed to be utilized	7,470	
	Internal Accruals	5,539	

Figures have been rounded off to the nearest integer.

Basis of Estimation

Justification for holding period levels

In respect of the working capital requirements detailed hereinabove, the key assumptions and justification for holding levels (“Assumptions”) is set forth hereunder:

Particulars	Assumptions
Current Assets	
Inventories	The level of Inventories assumed at 196 days of total purchase/ cost of production based on the past trend of average inventory days carried by the Company
Trade Receivables	The level of Trade Receivables assumed at 73 days of net sales based on the past trend of average trade receivables days carried by the Company.
Current Liabilities	
Trade Payables	The level of Trade Payables assumed at 75 days of total purchases based on the past trends of average trade payable days carried by the Company
Other current liabilities	The other current liabilities assumed to be 17 days of total expenses, based on the past range of 20 to 30 days

Our Statutory Auditors M/s. Sharp & Tannan, Chartered Accountants have, pursuant to a certificate dated July 22, 2017 certified the above working capital requirements of our Company.

Based on internal estimates and projections as reflected above, we would require total working capital to the tune of ₹ 16,009 lakhs for the financial year 2018 of which ₹ 3,000 lakhs shall be met through Net Proceeds, ₹ 5,539 lakhs shall be met through internal accruals and ₹ 7,470 lakhs shall be met through working capital facilities from banks.

2. General corporate purposes

In terms of Regulation 4(4) of the SEBI ICDR Regulations, our Company proposes to use ₹ [●] lakhs towards general corporate purposes, being not exceeding 25% of the gross proceeds of the Issue.

Our Board will have flexibility in applying the amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, advertisement, brand building expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our management will have flexibility in utilizing any amounts for general corporate purposes in accordance with policies of our Board. The quantum of utilization of funds towards any of the purposes mentioned above will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

Issue related expenses

The Issue related expenses include, among others, fees to Lead Manager, various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Amount (₹ in lakhs)*	As a percentage of total Issue expenses*	As a percentage of Issue size*
Fees of the Lead Manager, Bankers to the Issue, Registrar to the Issue, legal advisor, Auditor's fees, including out of pocket expenses, regulatory fees, filing fees, listing fees and other miscellaneous expenses	[●]	[●]	[●]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**Amount will be finalised at the time of filing of the Letter of Offer and determination of Issue Price and other details.*

Interim use of funds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

Bridge Financing Facilities

Our Company has currently not raised any bridge loan towards any of the stated objects of the Issue as on the date of the Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending on business requirements, our Company might consider raising bridge financing facilities, pending receipt of the Net Proceeds.

Appraising Entity

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

Monitoring of utilization of funds

Since the proceeds from the Issue are less than ₹ 10,000 lakhs, in terms of Regulation 16(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for this Issue. As required under the SEBI Listing Regulations, the audit committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulation 18 of the SEBI Listing Regulations, we will disclose to the audit committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Draft Letter of Offer and place it before the audit committee. The said disclosure shall be made till such time that the Issue Proceeds have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Draft Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulation 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the audit committee in terms of Regulation 18 of the SEBI Listing Regulations

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Managerial Personnel and the members of our Promoter Group or Group Entities, except as stated above and in the ordinary course of business.

SECTION IV – STATEMENT OF TAX BENEFITS

To
The Board of Directors
VIP Clothing Limited
(Formerly known as Maxwell Industries Limited)
C-6, Road No. 22,
MIDC Marol,
Andheri,
Mumbai 400093

AND

Inga Capital Private Limited
Naman Midtown
21st Floor, 'A' Wing
Senapati Bapat Marg, Elphinstone (West)
Mumbai - 400 013
Maharashtra, India

(Referred to as the “**Lead Manager**”)

Dear Sirs,

Sub: Proposed rights issue of equity shares of VIP Clothing Limited (Formerly known as Maxwell Industries Limited) (“Company”) (the “Issue”)

We, M/s Sharp & Tannan, hereby report the possible tax benefits available to the Company and the Shareholders of the company under the Income Tax Act, 1961, as amended (the “IT Act”), in the enclosed statement.

Several of these tax benefits/consequences are dependent on the Company fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

This certificate may be relied upon by the legal counsel to the Issue and lead manager in relation to the Issue. We hereby consent to this certificate or extracts thereof being included in the Draft Letter of Offer, Letter of Offer proposed to be filed by the Company with BSE Limited, National Stock Exchange of India Limited (collectively referred to as the “**Stock Exchanges**”), Securities and Exchange Board of India (“**SEBI**”) and any other authorities and in any other material used in connection with the Issue. Further, we authorize you to deliver this certificate to SEBI or the Stock Exchanges or any other regulatory authority as required by law in connection with the Issue.

This certificate has been issued at the request of the Company for use in connection with the Issue.

Yours sincerely,

For Sharp & Tannan
Chartered Accountants
Firm’s registration no.109982W
By the hand of

Place : Mumbai
Date : 22nd July, 2017

Sd/-
Tirtharaj Khot
Partner
Membership No.(F) 037457

TAX BENEFIT STATEMENT

**To,
The Board of Directors,
VIP Clothing Limited
(Formerly Known as Maxwell Industries Limited)
C-6, Road No. 22,
MIDC Marol,
Andheri,
Mumbai 400093**

Sub: Statement of possible Direct Tax Benefits available in connection with proposed Rights Issue of Equity Shares (the “issue”) of VIP CLOTHING LIMITED (the “Company”)

The information provided below sets out the possible tax benefits available to the shareholders of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, 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. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THEIR PARTICULAR SITUATION.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO VIP CLOTHING LIMITED (“COMPANY”) AND TO ITS SHAREHOLDERS

1. Under the Income-tax Act, 1961 (“the Act”)

A. SPECIAL TAX BENEFITS

There are no special tax benefits available under the Act to the Company.

B. GENERAL TAX BENEFITS

I. General tax benefits available to the Company

1. As per section 70 read with section 74 of the Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years’ STCG as well as LTCG.

However, the long term capital loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years’ LTCG.

2. Business losses, if any, for an assessment year can be carried forward and set off against business profits for eight subsequent assessment years.
3. Unabsorbed depreciation, if any, for an assessment year can be carried forward indefinitely and set off against income from any source in the same year or any subsequent assessment years as per section 32(2) subject to the provisions of section 72(2) and section 73(3) of the Act.

4. As per section 115JAA of the Act, credit is allowed in respect of Minimum Alternate Tax (MAT) paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. The MAT credit is allowed to be set-off in the subsequent years to the extent of difference between MAT payable and the tax payable as per the normal provisions of the Act for that Assessment year. The MAT credit shall not be allowed to be carried forward beyond tenth assessment year immediately succeeding the assessment year in which tax credit become allowable.

II. General tax benefits available to Resident Shareholders

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act received on the shares of any Indian company is exempt from tax. As per the Finance Act 2016, income by way of dividend in excess of Rs. 10 lakhs shall be chargeable to tax in the case of an individual, Hindu Undivided family (HUF) or a firm who is resident in India, at the rate of 10% plus applicable surcharge and cess.
2. Issuance of rights to subscribe for shares is not subject to tax in the hands of the shareholders.
3. As per provisions of section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
4. As per section 10(38) of the Act, LTCG arising from the transfer of a long term capital asset being an equity share of the company, where such transaction is chargeable to STT, will be exempt in the hands of the shareholder.
5. In accordance with section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than units) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -
 - a. 20 % (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
 - b. 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation
6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a “long term specified asset”.
A “long term specified asset” means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:
 - a. National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred and in the subsequent year.

Where the “long term specified asset” are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

7. As per section 54F of the Act, LTCG (in cases not covered under section 10(38) of the Act) arising on the transfer of the shares of the company held by an Individual or Hindu Undivided Family (“HUF”) will be exempt from capital gains tax if the net consideration is utilised to purchase or construct a residential house. The residential house is required to be purchased within a period of one year before or two years after the date of transfer or to be constructed within three years after the date of transfer.
8. As per section 111A of the Act, STCG arising from the sale of equity shares of the company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the Act. No deduction under Chapter VIA of the Act shall be allowed from such income.
9. As per section 70 read with section 74 of the Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years’ STCG as well as LTCG.

However, the long term capital loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years’ LTCG.

10. Under section 36 (1) (xv) of the Act, the amount of STT paid by a resident shareholder in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
11. No income tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents.

III. General tax benefits available to Non-Resident Shareholders (Other than FPIs)

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act received on the shares of any Indian company is exempt from tax.
2. Issuance of rights to subscribe for shares is not subject to tax in the hands of the shareholders.
3. As per section 10(38) of the Act, LTCG arising from the transfer of long term capital asset being an equity share of the company, where such transaction is chargeable to STT, will be exempt in the hands of the shareholder.
4. As per first proviso to section 48 of the Act, in case of a non-resident shareholder, the capital gain/loss arising from transfer of shares of the company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was initially utilised in the purchase of shares. Cost Indexation benefit will not be available in such a case.
5. In accordance with section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) after giving effect to first proviso to Section 48 of the Act. However, as per the proviso to section 112 of the Act, if the tax payable on transfer of listed securities exceeds 10% of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assessee.
6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a “long term specified asset”.
A “long term specified asset” means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

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

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred and in the subsequent year.

Where the “long term specified asset” are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

7. As per section 54F of the Act, LTCG (in cases not covered under section 10(38) of the Act) arising on the transfer of the shares of the Company held by an Individual or HUF will be exempt from capital gains tax if the net consideration is utilised to purchase or construct a residential house. The residential house is required to be purchased within a period of one year before or two years after the date of transfer or to be constructed within three years after the date of transfer.
8. As per section 111A of the Act, STCG arising from the sale of equity shares of the Company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, STCG as computed above that is not liable to STT would be subject to tax as calculated under the normal provisions of the Act. No deduction under Chapter VIA shall be allowed from such income.
9. As per section 70 read with section 74 of the Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG.
However, the long term capital loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG.
10. Under section 36 (1) (xv) of the Act, the amount of STT paid by a non-resident shareholder in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
11. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

As per section 90(4) of the Act, the non-residents shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the non-residents shall be required to provide such other information, as has been notified.

IV. Special tax benefits available to Non-Resident Indians

1. As per section 115C(e) of the Act, the term “non-resident Indian” means an individual, being a citizen of India or a person of Indian origin who is not a “resident”. A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.
2. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the

prescribed conditions, LTCG on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.

3. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then this exemption would be allowable on a proportionate basis. Further, if the specified asset or saving certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
4. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
5. As per section 115H of the Act, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to investment income derived from the investment in equity shares of the Company as mentioned in section 115C(f)(i) of the Act for that year and subsequent assessment years until assets are converted into money.
6. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
7. In respect of non-resident Indian, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

As per section 90(4) of the Act, the non-resident Indians shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident Indians shall be required to provide such other information, as has been notified.

V. Benefits available to Foreign Portfolio Investors ('FPIs')

Special tax benefits

1. Under section 115AD(1)(ii) of the Act, income by way of STCG arising to the FPI on transfer of shares shall be chargeable at a rate of 30%, where such transactions are not subjected to STT, and at the rate of 15% if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and education cess.

Under section 115AD(1)(iii) of the Act, income by way of LTCG arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable at the rate of 10%

(plus applicable surcharge and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

2. As per section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
3. As per explanation 1 to Sec 115 JB of the Act, income from transactions in securities (other than short-term capital gains arising on transactions on which securities transaction tax is not chargeable) arising to a Foreign Institutional Investor, shall be excluded from the computation of Book Profit liable to MAT and the book profit shall be increased by the amount of expenditure corresponding to such income.

General tax benefits

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act received on the shares of the Company is exempt from tax.
2. Issuance of rights to subscribe for shares is not subject to tax in the hands of the FPIs provided there is no disproportionate or non-uniform allotment.
3. As per Section 2(14) of the Act, any security held by a FPI who has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a foreign portfolio investor ("FPI") would be treated in the nature of capital gains.
4. As per section 10(38) of the Act, LTCG arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to STT will be exempt to tax in the hands of the FPIs.
5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term specified asset".
A "long term specified asset" means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:
 - a. National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred and in the subsequent year.
Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
6. As per section 70 read with section 74 of the Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG.
However, the long term capital loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG.
7. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FPI is considered as resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FPI.

8. As per section 90(4) of the Act, the FPIs shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the FPIs shall be required to provide such other information, as has been notified.

VI. Special tax benefits available to Mutual Funds

1. As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.
2. Wealth Tax Act, 1957 has been abolished with effect from assessment year 2016-17. However, information relating to assets which was required to be furnished in the wealth-tax return will be captured by the income-tax return form.
3. Benefits available under the Gift Tax Act, 1958 Gift tax is not leviable in respect of any gift made on or after 1 October 1998. Therefore any gift of share of a company will not attract gift tax.

For Sharp & Tannan

Chartered Accountants

Firm's registration no.109982W

By the hand of

Sd/-

Tirtharaj Khot

Partner

Membership No.(F) 037457

Place : Mumbai

Date : 22nd July, 2017

SECTION V – HISTORY AND CERTAIN CORPORATE MATTERS

Brief Corporate History of our Company

Our Company was incorporated as “Maxwell Apparels Industries Private Limited” on January 14, 1991 with the Registrar of Companies, Maharashtra, Bombay, as a private limited company under the Companies Act, 1956. The name of our Company was changed to “Maxwell Apparel Industries Private Limited” on March 22, 1991 vide a fresh certificate of incorporation consequent on change of name issued by Additional Registrar of Companies, Maharashtra. Thereafter, the name of our Company was changed to “Maxwell Apparel Industries Limited” on December 28, 1992 vide certificate of change of name issued by Registrar of Companies, Maharashtra, Bombay. The name of our Company was further changed to “Maxwell Industries Limited” on April 27, 2000 vide fresh certificate of incorporation consequent on change of name issued by Deputy Registrar of Companies, Maharashtra, Mumbai. The name of the Company was further changed to “VIP Clothing Limited” on October 19, 2016 vide certificate of incorporation pursuant to change of name issued by Registrar of Companies, Mumbai.

Under the terms of a Share Purchase Agreement dated May 19, 2008 entered by and between Mr. L. Vinay Reddy (acting on behalf of the Reddy Group) and Mr. Sunil Pathare (acting on behalf of the Pathare Group), the Pathare Group acquired 31.70% of shares held by the Reddy Group in the Company through a block sale on the Stock Exchanges.

The registered office of the Company is situated at C-6, Road No. 22, MIDC, Marol, Andheri (East), Mumbai-400093, Maharashtra, India.

Our Company is in the business of manufacturing and marketing innerwear under various brands. Our Company’s manufacturing facilities are situated at Umbergaon in Gujarat and Thingallur in Tamil Nadu. Our Company also has a windmill situated at Coimbatore in Tamil Nadu.

In, 1993, our Company had made an initial public offer. At present the equity shares of our Company are listed on BSE and NSE.

Corporate Structure of our Company

Our Company does not have any holding company, subsidiary company and associate companies.

Main Objects of our Company

The main objects of our Company, as contained in our Memorandum of Association, are as follows:

1. To carry on the business of manufacturers, processors, knitters, dyers, colourers, bleachers, printers, spinners, doublers, weavers, ginners, sellers, buyers, importers, exporters, distributors, and/or otherwise dealers in textiles, garments, hosiery, fabrics, yarns of all kinds of whatsoever description like cotton, woolen, silk, art silk, rayon, jute, nylon, polyester, acrylic, viscose, polypropylene, terylene, canvas and all other kind of materials of fashions whether natural or man-made, ready garments, undergarments, dressmakers, outfitters, designers including men’s women’s and children clothing and wearing apparels of every kind, nature and description.

1(a) (i) To generate electricity power with the help of nonconventional source of energy, such as wind energy, solar energy, tidal energy, geo thermal energy, agro waste, etc. and/or to generate power using conventional source of energy, such as coal, lignite, Liquefied Natural Gas, Liquefied Petroleum Gas, hydrocarbons, etc., for captive consumption and/or sale and/or loan and/or supply to any State Electricity Board and/or to any other organization whether public or private;

(ii) To receive, purchase, develop, use, sell, supply, distribute and accumulate electricity power and to transmit, distribute and supply such power through transmission lines and facilities of The State Electricity Board/s to participating industries and generally to develop, generate and accumulate power at any other place or places and to transmit, distribute, sell and supply such power.

Key Events and Milestones

Following are some of the key events and milestones in relation to our Company:

Calendar Year	Events
1991	Our Company was incorporated as a private limited company
1993	Our Company made a public issue
2005	Equity Shares were listed on BSE Limited
2006	Nominated for the brand of the year for Women's innerwear at the Apex Awards Investment of ₹ 4,505 lakhs made by Reliance Capital Partners by subscribing to 91,77,215 Equity Shares and 16,00,000 10% optionally convertible preferential shares
2007	Equity Shares were listed on NSE Awarded the Golden Scale Trophy by CMAI- The brand of the year for men's innerwear
2008	Delisting of the Equity Shares from the OTC Exchange of India
2011	Transfer of business of cotton yarn spinning unit situated at Kollapalur, Tamil Nadu
2012	Awarded the Brand Leadership for Marketing Excellence by Indira Group of Institutes, Pune
2014	Sale of the processing house situated at C-119, Trans Thane Creek Industrial Area, MIDC, Pawane Village, Navi Mumbai
2015	Entered into license agreement for manufacturing, marketing , distribution and sale of Eminence Brand products
2016	Sale of the processing house situated at SIPCOT, Perundurai, Tamil Nadu

In the year 2016, our Company entered into a memorandum of understanding to sell the knitting unit bearing Survey no.360/13, situated at Ganesh Industrial Estate, Village Kachigam, Nani Daman, District – Daman. The sale is subject to inter alia obtaining the consent of our lender.

SECTION VI – OUR MANAGEMENT

Under the Articles of Association of our Company, our Company is required to have a minimum of 3 (three) directors and a maximum of 15 (fifteen) directors, unless otherwise determined by our Company through a special resolution and subject to the provisions of the Companies Act.

At present, the Board of our Company comprises of 6 (six) Directors, out of which 4 (four) are Independent Directors. The composition of the Board of our Company is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

The following table sets forth details regarding our Board as of the date of the Draft Letter of Offer:

Name, Designation, Term, Occupation, DIN and Address	Nationality	Age (in years)	Other Directorships
Mr. Sunil Jaykumar Pathare <i>Designation:</i> Chairman and Managing Director <i>Term:</i> For a period of 3 (three) years from April 1, 2016 to March 31, 2019 <i>Occupation:</i> Business <i>DIN:</i> 00192182 <i>Address:</i> Sai Kunj, Thangewadi, Sindigate Murbad Road, Kalyan – 421 301	Indian	45	1. Maxwell Retails Private Limited; 2. Maxwell Venture Private Limited; 3. Maxwell Capital Management Private Limited; 4. Maxwell Health & Hygiene Private Limited; 5. Maxwell Entertainment Private Limited; 6. Shogun Chemicals Private Limited
Mr. Kapil Jaykumar Pathare <i>Designation:</i> Whole time Director <i>Term:</i> For a period of 3 (three) years from April 1, 2016 to March 31, 2019 <i>Occupation:</i> Business <i>DIN:</i> 01089517 <i>Address:</i> Sai Kunj, Thangewadi, Sindigate Murbad Road, Kalyan – 421 301	Indian	37	1. Maxwell Retails Private Limited; 2. Maxwell Venture Private Limited; 3. Maxwell Capital Management Private Limited; 4. Maxwell Health & Hygiene Private Limited; 5. Maxwell Entertainment Private Limited; 6. Shogun Chemicals Private Limited
Mr. Robin Banerjee <i>Designation:</i> Non- Executive and Independent Director <i>Term:</i> 5 (five) years with effect from April 1, 2014 <i>Occupation:</i> Business <i>DIN:</i> 00008893 <i>Address:</i> Ashok Garden, Wing C, 1 st Floor, Flat No. 102 and 103, T J Road, Sewree Bus Depot, Mumbai – 400 015	Indian	61	1. Caprihans India Limited 2. IMICL Dighi Maritime Limited

Name, Designation, Term, Occupation, DIN and Address	Nationality	Age (in years)	Other Directorships
Mr. Gopal Krishnan Sehjpal Designation: Non- Executive and Independent Director Term: 5 (five) years with effect from April 1, 2014 Occupation: Business DIN: 00175975 Address: A- 3,Kherwadi Housing Society, RTO Lane, Next to four bungalows, Andheri (West), Mumbai – 400 053	Indian	73	1. Lovable Lingerie Limited 2. Oracle Management Services Private Limited
Mr. Chetan Dolatrai Sheth Designation: Non- Executive and Independent Director Term: 5 (five) years with effect from April 1, 2014 Occupation: Business DIN: 00202723 Address: 11, Bhatruchhaya Niwas Co-operative Housing Society Limited, 83-A, Gokhale Road, Vile Parle (East), Mumbai – 400 057	Indian	54	1. Prestige Metal Systems (India) Private Limited 2. Sheth Fabricators Private Limited
Ms. Meher Bruno Castelino Designation: Non- Executive and Independent Director Term: 5 (five) years commencing from March 24, 2015 Occupation: Professional DIN: 07121874 Address: 54, Deepak, 6 th floor, Pedder Road, Mumbai – 400 026	Indian	73	NIL

Relationship between Directors

Mr. Sunil Jaykumar Pathare and Mr. Kapil Jaykumar Pathare are brothers. Except as disclosed herein, none of the other Directors are related to each other.

Brief Profile of our Directors

Mr. Sunil Jaykumar Pathare, aged 45 years, is the Promoter and the Chairman and Managing Director of our Company. He holds a Bachelor's degree in Commerce from University of Mumbai obtained in July, 1991. He looks after the overall management of the day to day affairs of the Company. He has been awarded the "Entrepreneurship Excellence Award" by the Small and Medium Business Development Chamber of India in 2007.

Mr. Kapil Jaykumar Pathare, aged 37 years, is the Promoter and the Whole time Director of our Company. He holds a Bachelor's degree in Commerce from University of Mumbai obtained in June, 1999 and a Masters in Business Administration (Entrepreneurship and Family Business) degree from Narsee Monjee Institute of Management Studies obtained in August, 2002. He looks after the overall production activities of the Company.

Mr. Robin Banerjee, aged 61 years, is the Non- Executive Independent Director of our Company. He has been admitted as a Fellow in the Institute of Chartered Accountants of India in May, 1991 and as an Associate in the Institute of Company Secretaries of India in June, 1984. He has over 35 years of professional experience in finance and corporate management, including strategic planning, mergers and acquisitions, corporate finance and strategic business development.

Mr. Gopal Sehjpal aged 73 years, is the Non- Executive Independent Director of our Company. He holds a Master's Degree in Arts (Philosophy) obtained in 1971 and a Post Graduate Diploma in Personnel Management from the University of Delhi obtained in 1972. He is also a member of the Institute of Management Consultants of India and a Life Member with the Bombay Management Association, Indian Institute of Quality Management and Consultancy Development Centre (Ministry of Science and Technology, Government of India).

Mr. Chetan Dolatrai Sheth, aged 54 years, is the Non- Executive Independent Director of our Company. He holds a Diploma in Production Engineering awarded by the Board of Technical Examinations on behalf of the Government of Maharashtra on May 22, 1987 and has over 26 years of professional experience in the manufacturing engineering and corporate management.

Mrs. Meher Bruno Castelino aged 73 years, is the Non- Executive Independent Director of our Company. She has been associated with the Company since 2015.

Terms of Appointment of Mr. Sunil Jaykumar Pathare as the Chairman and Managing Director of the Company

Pursuant to the resolution passed by the Board of Directors of our Company at the meeting held on February 12, 2016 and the resolution passed by the Shareholders of our Company in the meeting held on September 27, 2016, Mr. Sunil Jaykumar Pathare was re-appointed as the Chairman and the Managing Director of our Company for a period of 3 (three) years with effect from April 1, 2016 up to March 31, 2019. The details of the remuneration payable to him are as under:

Sr. No.	Particulars
1.	Salary: ₹ 3,00,000/- (Rupees three lakhs only) per month.
2.	Perquisites: He is entitled to perquisites in the form of furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with Company's rule being restricted to ₹ 40,00,000/- (Rupees forty lakhs only) per annum.
3.	Others: The contribution of our Company to the provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on the remuneration and perquisites as aforesaid.

Terms of appointment of Mr. Kapil Jaykumar Pathare as the Whole time Director of the Company

Pursuant to the resolution passed by the Board of Directors of our Company at the meeting held on February 12, 2016 and the resolution passed by the Shareholders of our Company in the meeting held on September 27, 2016, Mr. Kapil Jaykumar Pathare was re-appointed as the Whole time Director of our Company for a period of 3 (three) years with effect from April 1, 2016 up to March 31, 2019. The details of the remuneration payable to him are as under:

Sr. No.	Particulars
1.	Salary: ₹ 2,50,000/- (Rupees two lakhs fifty thousand only) per month.
2.	Perquisites:

Sr. No.	Particulars
	He is entitled to perquisites in the form of furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with Company's rule being restricted to ₹ 40,00,000/- (Rupees forty lakhs only) per annum.
3.	Others: The contribution of our Company to the provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on the remuneration and perquisites as aforesaid.

Past directorships in listed companies

We confirm that none of our Directors is or was a director of any listed company during the last five years preceding the date of filing of the Draft Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in any such company.

Further, none of our Directors is or was a director of any listed company which has been or was delisted from the stock exchanges.

Other confirmations

We have not entered into any service contracts with our Directors for providing benefits upon termination of employment.

As of the date of the Draft Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which we have appointed any of our Directors or member of senior management.

SECTION VII – FINANCIAL INFORMATION

Financial Statements	Page Nos.
Audited Financial Statements for the year ended March 31, 2017	63 – 92

**Independent Auditors' Report****To the Members of VIP Clothing Limited (formerly Maxwell Industries Limited)****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **VIP Clothing Limited (formerly Maxwell Industries Limited)** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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Mumbai Annexe, 194, Churchgate Reclamation, Dinshaw Vachha Road, Mumbai - 400 020, India.
Tel. (22) 2204 7722/23, 6633 8343 - 47 Fax (22) 6633 8352 E-mail : admin.mumbai@sharpandtannan.com

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A"; a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on financial position in its financial statements, refer note no. 30 to the financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company; and
 - The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 27 to the standalone financial statements.

Place: Mumbai
Date: 11th May, 2017

For Sharp and Tannan
Chartered Accountants
Firm's Registration No.: 109982W
By the hand of



Tirtharaj Khot
Partner
Membership No.: (F) 037457

Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditor's report to the members of **VIP Clothing Limited (formerly Maxwell Industries Limited)** ("the Company") for the year ended 31st March 2017. We report that:

1. (a) The Company has maintained adequate records to show full particulars, including quantitative details and situation of the fixed assets.

(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable property is held in the name of the Company.
2. In our opinion, the inventories have been physically verified during the year by the Management at reasonable intervals and as explained to us no material discrepancies were noticed on physical verification.
3. The Company has not granted loan companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Therefore, paragraph 3 (iii) of the order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable, Therefore, Paragraph 3 (iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits during the year from the public to which the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 and any other relevant provisions of the Act and the rules framed there under apply.
6. As per the information and explanations given to us, in respect of the class of industry the Company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013. Therefore, Paragraph 3 (vi) of the Order is not applicable to the Company.



7. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues as applicable to the Company, with the appropriate authorities. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues as applicable to the Company outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit with the appropriate authorities of the disputed dues of service tax or duty of customs or duty of excise or professional tax. However, according to the information and explanations given to us, following dues of income tax and sales tax / VAT have not been deposited by the Company on account of disputes.

Nature Of the Statute	Nature of the disputed Dues	Amount of Tax (Rs. In Lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Penalty under Section 158 BFA (2)	1157.49	AY 1993-1994 to AY 2002-2003	High Court of Mumbai
TNVAT ACT, 2006	Non submission of form "H"	8.54	FY 1999-2000	High Court of Chennai
TNVAT ACT, 2006	Claim of Concessional rate of tax disallowed	195.46	FY 2001-2002	High Court of Chennai
TNVAT ACT, 2006	Disallowance of CSD Sales	13.30	FY 2001-2002	Deputy Commercial Tax Office - Tamil Nadu
TNVAT ACT, 2006	Disallowance of concessional rate of tax on BT	5.43	FY 2001-2002	Deputy Commercial Tax Office - Tamil Nadu
TNVAT ACT, 2006	CST rate of Hosiery Goods	802.77	FY 2002-2003	Deputy Commercial Tax Office - Tamil Nadu
Central Sales Tax Act, 1956	Non Submission of form "C"	7.33	FY 2005-2006	Deputy Commercial Tax Office - Delhi
Income Tax Act, 1961	Penalty under Section 271(1)(c)	18.04	AY 2012-2013	Commissioner of Income Tax
Income Tax Act, 1961	Disallowance under Section 401(a) and non-deduction of TDS on Professional fees.	41.19	AY 2014-2015	Asst. Commissioner of Income Tax


8. Based on our audit procedures and according to the information and given to us, the Company has not defaulted in repayment of its dues to bank during the year. The Company has not borrowed from financial institution, government and debenture holders during the year.




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9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loan raised was applied for the purpose for which it was raised.
10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Mumbai
Date: 11th May, 2017

For Sharp and Tannan
Chartered Accountants
Firm's Registration No.: 109982W
By the hand of

Tirtharaj Khot
Partner
Membership No.: (F) 037457



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Annexure - B to the Auditors' Report

Independent Auditors' report to the members of VIP Clothing Limited (formerly Maxwell Industries Limited) ("the Company") on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of the Company as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sharp and Tannan
Chartered Accountants
Firm's Registration No.: 109982W
By the hand of



[Signature]
Tirtharaj Khot
Partner
Membership No.: (F) 037457

Place: Mumbai
Date : 11th May, 2017



SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

Auditor's Certificate on Compliance of conditions of Corporate Governance

To the Members of

VIP Clothing Limited (formerly Maxwell Industries Limited)

Mumbai

We have examined the compliance of conditions of Corporate Governance by, **VIP Clothing Limited (formerly Maxwell Industries Limited)** (the "Company") for the year ended on 31st March 2017, as per the regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of schedule V of chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clauses. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with, in all material respect, the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such Compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Sharp & Tannan
Chartered Accountants
Firm's registration no.109982W
By the hand of



Tirtharaj Khot
Partner
Membership No.(F) 037457

Place : Mumbai
Date : 11th May, 2017

Page 1 of 1

Ravindra Annexe, 194, Churchgate Reclamation, Dinshaw Vachha Road, Mumbai - 400 020, India.
Tel. (22) 2204 7722/23, 6633 8343 - 47 Fax (22) 6633 8352 E-mail : admin.mumbai@sharpandtannan.com

VIP CLOTHING LIMITED
(Formerly known as Maxwell Industries Ltd)
ANNUAL REPORT
2016-17

VIP Clothing Limited
(Formerly known as Maxwell Industries Limited)
Balance Sheet as at 31st March, 2017

(Amount in Lacs ₹)

Particulars	Note No.	As at 31st Mar, 2017	As at 31st Mar, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	1,321.54	1,321.54
(b) Reserves and surplus	4	7,431.98	8,011.57
(2) Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (net)	5	1,220.25	1,261.85
(c) Other long-term liabilities	6	466.10	434.00
(3) Current liabilities			
(a) Short-term borrowings	7	8,529.82	9,397.29
(b) Trade payables	8	3,310.19	3,401.66
(c) Other current liabilities	9	564.52	479.17
(d) Short-term provisions	10	47.36	25.53
TOTAL		22,891.76	24,332.61
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	3,348.48	4,770.19
(ii) Intangible assets	11	1,338.24	1,382.74
		4,686.72	6,152.93
(iii) Capital Work in Progress		-	14.52
(b) Non current investments	12	1.15	1.15
(c) Deferred tax assets (Net)		-	-
(d) Long-term loans and advances	13	785.16	734.17
(e) Other non-current assets		-	-
(2) Current assets			
(a) Inventories	14	10,331.67	11,556.08
(b) Trade receivables	15	6,646.49	5,503.62
(c) Cash and cash equivalents	16	382.22	291.15
(d) Short-term loans and advances	17	58.35	78.99
TOTAL		22,891.76	24,332.61

See accompanying notes forming parts of financial statements

1 to 33

As per our report of even date

For Sharp & Tannan

Chartered Accountants

Registration No - 109982W

By the hand of

Jitharaj Khot

Partner

Membership No. (F) 037457

Place: Mumbai

Dated : 11th May, 2017



Ashish Mandaliya

C.F.O. & Company Secretary

(M.No.ACA-114044)

(M.No.ACS17289)

Devendra Vyas

C.F.C.

(M.No.ACA-150498)

For and on behalf of Board



S. J. Pathare

(DIN:00192182)

K. J. Pathare

(DIN:01089517)

Place: Mumbai

Dated : 11th May, 2017

Particulars	Note No.	For the Period ended 31st Mar 2017	For the Period ended 31st Mar 2016
CONTINUING OPERATIONS			
Revenue from operations (Gross)	18	23,209.75	19,446.02
Less: Excise duty		-	-
Revenue from operations (net)		23,209.75	19,446.02
Other income	19	91.20	58.46
Total revenue		23,300.95	19,504.48
Expenses			
(a) Cost of materials consumed	20A	13,135.39	13,468.50
(b) Changes in inventories of finished goods and work-in-progress	20B	1,012.64	(1,962.50)
(c) Employee benefits expense	21	1,721.42	1,570.38
(d) Advertisement & Publicity Expenses		326.10	1,077.91
(e) Finance costs	22	1,218.60	1,259.97
(f) Depreciation and amortization expense	11	357.66	386.74
(g) Other expenses	23	5,307.60	5,296.89
Total expenses		23,079.41	21,097.89
Profit / (Loss) before exceptional items and tax		221.54	(1,593.41)
Exceptional items	24	(720.64)	791.16
Profit / (Loss) before tax		(499.10)	(802.25)
Tax expense:			
(a) Current tax expense for current year		-	-
(b) Current tax expense relating to prior years		-	(22.98)
(c) Deferred tax		41.60	(23.28)
Profit / (Loss) from continuing operations		(457.50)	(848.51)
DISCONTINUING OPERATIONS			
Profit / (Loss) from discontinuing operations (before tax)	24	(122.14)	(144.67)
Add / (Less): Tax expense of discontinuing operations		-	-
(a) on ordinary activities attributable to the discontinuing operations		-	-
Profit / (Loss) from discontinuing operations		(122.14)	(144.67)
TOTAL OPERATIONS		(579.64)	(993.18)
Profit / (Loss) for the year		(579.64)	(993.18)
Earnings per share (of ₹ 2/- each):			
Basic and Diluted		-	-
See accompanying notes forming part of the financial statements	1 to 33		

As per our report of even date

For Sharp & Tannan

Chartered Accountants

Registration No - 109982W

By the hand of

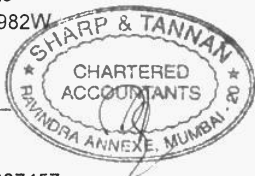
Tirtharaj Khot

Partner

Membership No. (F) 037457

Place: Mumbai

Dated : 11th May, 2017



Ashish Mandaliya

C.F.O. & Company Secretary

(M.No.ACA-114044)

(M.No.ACS-17289)

Devendra Vyas

C.F.C.

(M.No.ACA-150498)

For and on behalf of Board

S. J. Pathare

(DIN:00192182)

K. J. Pathare


(DIN:01089517)

Place: Mumbai

Dated : 11th May, 2017



(₹ in Lakhs)



VIP CLOTHING LIMITED (Formerly known as Maxwell Industries Limited) Cash Flow Statement for the year ended on 31st March, 2017			(₹ in Lakhs)
	Year ended 31st Mar, 2017	Year ended 31st March, 2016	
C. Cash Flow From Financing Activities			
Share Capital-Equity	-	60.00	
Share Capital-Preference	-	(394.98)	
Buy Back of Shares	-	(342.00)	
Security Premium	-	1,080.00	
Security Deposit Received	36.61	51.70	
Repayment of Other Long Term Liabilities	(4.50)	(10.07)	
Increase / (Decrease) in Utilisation of Cash Credit	(108.17)	7.82	
Proceeds from Short Term Borrowings	(759.30)	(36.60)	
Financial cost	(1,218.60)	(1,260.04)	
Dividends paid	(3.49)	(225.23)	
Dividends Tax paid	-	(47.67)	
Net Cash Flow from / (used in) Financing Activities (C)	(2,057.45)	(1,117.07)	
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	91.07	37.02	
Cash and Cash Equivalents at the beginning of the year	291.15	254.13	
Cash and Cash Equivalents at the end of the year	382.22	291.15	
* Comprises:			
(a) Cash on Hand	0.12	0.20	
(b) Balances with Banks			
(i) In Current Accounts	2.60	30.59	
(ii) In Deposit Accounts	366.02	243.39	
(iii) In Earmarked Accounts: - Unpaid Dividend Account	13.48	16.97	
Net Increase in Cash & Cash Equivalents	382.22	291.15	
Notes:			
(i) These earmarked account balances with banks can be utilized only for the specific identified purposes.			
See accompanying notes forming part of financial			
<p>As per our report of even date</p> <p>For Sharp & Tannan</p> <p>Chartered Accountants</p> <p>Registration No - 109982W</p> <p>By the hand of</p> <p>Vinitharaj Khot</p> <p>Partner</p> <p>Membership No. (F) 037457</p> <p>Place: Mumbai</p> <p>Dated : 11th May, 2017</p> <p><i>Ashish Mandaliya</i></p> <p>Ashish Mandaliya</p> <p>C.F.O. & Company Secretary</p> <p>(M.No.ACA-114044)</p> <p>ACCOUNTANT IN CHARGE</p> <p>(M.No.ACA-17289)</p> <p>Devendra Vyas</p> <p>C.F.C.</p> <p>(M.No.ACA-150498)</p> <p>S. J. Pathare</p> <p>(DIN:00192182)</p> <p>K. J. Pathare</p> <p>(DIN:01089517)</p>			

Note	Particulars
1	<p>CORPORATE INFORMATION</p> <p>VIP Clothing Limited (Formerly known as Maxwell Industries Limited) ('Company') was incorporated on 14th January, 1991. The Company's Identification no is L18101MH1991PLC059804. The Company is a leading Manufacturer, Marketing and distribution of Men's, Women's inner wears and Socks under brand name VIP, Frenchie and feelings. The Company's Equity Shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE).</p>
2	<p>SIGNIFICANT ACCOUNTING POLICIES</p> <p>a Basis of accounting and preparation of financial statements</p> <p>The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. All the amounts in financial are presented in Rupees in Lacs except per share data or as otherwise stated, figures for the previous year have been regrouped/rearranged wherever considered necessary to conform the figure presented in the current year.</p> <p>b Use of estimates</p> <p>The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.</p> <p>c Inventories</p> <p>i) Cost of Inventories has been computed to include all cost of Purchases. Cost of Conversion and other costs incurred in bringing the inventories to their present location.</p> <p>ii) Raw materials and components, Stores and Spares are valued at cost. The cost are ascertained using the weighed average method, except incase of slow moving and obsolete material, at lower of cost or estimated realizable value.</p> <p>iii) Work-in-progress and finished goods are valued at lower of cost or realizable value include appropriate proportion of overheads and where applicable excise duty.</p> <p>iv) Scrap is valued at estimated realizable value</p> <p>v) Goods in transit are stated at actual cost up to the Balance Sheet.</p> <p>d Cash and cash equivalents (for purposes of Cash Flow Statement)</p> <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p> <p>e Cash flow statement</p> <p>Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.</p> <p>f Fixed Assets, Depreciation and amortization</p> <p>i) Fixed assets are valued at cost of acquisition /construction (including expenses /interest on borrowings, directly attributable to such asset, during construction period). Cost of acquisition is inclusive of freight, insurance, duties net of credits under CENVAT scheme, levies and all incidentals attributable to bringing the asset to its working condition.</p> <p>ii) Buildings, Plant & Machinery (except assets subject matter of impairment) and other assets, including intangible assets are depreciated over their estimated useful lives specified in Schedule II to the Companies Act, 2013.</p> <p>iii) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.</p> <p>g Revenue recognition</p> <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer which generally coincides with dispatch of goods from factory/stock points.</p> <p>Sale of Goods</p> <p>Sales are recorded net of trade discounts, quantity discounts, rebates, indirect taxes. Sales includes Excise duty but exclude Sales tax and value added tax.</p>



Note	Particulars
h	<p>Other income</p> <p>i) Income from Interest is recognized in the year in which it is accrued and stated at gross of tax deducted at source.</p> <p>ii) Rental income from hiring of facilities is accounted in accordance with the terms and conditions agreed with the customer.</p> <p>iii) Dividend is recognized when the right to receive the dividend is unconditionally established on the Balance Sheet date.</p>
i	<p>Foreign currency transactions and translations</p> <p>i) Initial recognition</p> <p>Transactions in foreign currencies 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.</p> <p>ii) conversion</p> <p>Foreign currency monetary items are reported using the closing rate. Non- monetary items are reported using the exchange rate at the date of transaction.</p> <p>In respect of transactions covered by forward exchange contracts premium or discount being the difference between the forward rate and the exchange rate on the date of the transaction is recognized as income or expense over the life of the contract.</p> <p>iii) Exchange difference</p> <p>Transactions not covered by forward contracts and outstanding at year end are translated at exchange rates prevailing at the year end and the profit / loss so determined is recognized in the Profit and Loss Account.</p>
j	<p>Export incentives</p> <p>Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.</p>
k	<p>Investments</p> <p>Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are stated at cost less provision for diminution other than temporary, if any in the value of such investments. Current investments are valued at lower of cost or market value.</p>
l	<p>Retirement and other Employee benefits</p> <p>Retirement benefits to employees are provided for by payments to Gratuity, Superannuation and Provident Funds</p> <p>Retirement benefit in the form of provident fund / pension schemes are charged to Profit and Loss account of the year when the contributions to the respective funds are due.</p> <p>i) Gratuity Plan</p> <p>The company has taken an insurance policy under the group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of the company. The Liability for gratuity is provided for on the basis of actuarial valuation done at the end of the financial year.</p> <p>ii) Leave Encashment Liability for leave encashment is provided for on actuarial valuation done at the end of financial year.</p>
m	<p>Borrowing costs</p> <p>Borrowing costs that are attributable to the acquisition of qualifying assets are capitalized as part of the cost of such assets to the extent they relate to the period till such assets are ready to put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss account. Borrowing cost comprises of interest and other cost incurred in connection with borrowing of funds.</p>



Note	Particulars
n	<p>Leases</p> <p>Operating Lease: Lease rentals in respect of operating lease arrangement are charged to the Statement of Profit and Loss in accordance with Accounting Standard 19 – leases, issued by the Institute of Chartered Accountants of India.</p> <p>The Company has taken office premises on operating lease at the various locations. Lease rent in respect of same has been charged to Statement of Profit and Loss. The agreements are executed for a period ranging from one to three years with a renewable clause. The agreement have a clause for termination by either party giving prior notice period as may be defined in the respective agreements.</p>
o	<p>Taxes on income</p> <p>Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.</p> <p>Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.</p> <p>Deferred tax is recognized on timing differences being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are computed on the timing differences applying the tax rates enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against such deferred tax assets can be realized</p> <p>Current and deferred tax relating to items directly recognized in equity are recognized in equity and not in the Statement of Profit and Loss.</p>
p	<p>Impairment of assets</p> <p>The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.</p>
q	<p>Provisions and contingencies</p> <p>A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.</p>



Note No. 3

SHARE CAPITAL

(Amount in Lacs ₹)

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
Authorised :		
15,00,00,000 Equity Shares of ₹ 2/- each	3,000.00	3,000.00
45,00,00,000 Preference Shares of ₹ 100/- each	4,500.00	4,500.00
	7,500.00	7,500.00
Issued and Subscribed :		
6,60,77,215 Ordinary Shares of ₹ 2/- each	1,321.54	1,321.54
	1,321.54	1,321.54

Note:

3.2 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	(Amount in ₹)	Number of shares	(Amount in ₹)
Equity Shares of Rs.2/- each fully paid up				
Opening	6,60,77,215	13,21,54,430	6,30,77,215	12,61,54,430
Add/(Less): Issued/(bought back) of shares	-	-	30,00,000	60,00,000
Closing	6,60,77,215	13,21,54,430	6,60,77,215	13,21,54,430
5% Redeemable Preference Shares of Rs. 100/- each				
Opening	-	-	3,94,982	3,94,98,200
Add/(Less): Issued/(bought back) during the year	-	-	(3,94,982)	(3,94,98,200)
Closing	-	-	-	-

3.3 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	% Held	Number of shares	% Held
Equity shares				
Sunil J Pathare	1,61,10,925	24.38%	1,61,07,425	24.38%
Kapil J. Pathare	1,41,84,465	21.47%	1,41,84,465	21.47%
Jaykumar K Pathare	54,20,625	8.20%	54,24,125	8.21%
Lalita J. Pathare	50,02,812	7.57%	50,02,812	7.57%



3.4 Rights, Preference and Restriction attached to Shares.

The Company has one class of Equity shares having par value of Rs 2/- per share. Each equity shareholder is entitled to one vote per share held. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive 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 shareholder.

3.5 The Company does not have any holding company or subsidiary company. Hence disclosure of shares held by holding company and subsidiary company does not arise.

Note No. 4

RESERVE AND SURPLUS

(Amount in Lacs ₹)

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
(a) Capital Redemption Reserve		
Balance as at the beginning of the year	4,035.00	3,640.02
Add: Transferred from surplus in statement of Profit and Loss	-	-
Add: Transferred from General Reserve	-	394.98
Closing balance	4,035.00	4,035.00
(b) Securities Premium		
Balance as per last accounts	3,689.49	2,609.49
Add: Redemption of Preference	-	1,080.00
	3,689.49	3,689.49
(c) General Reserve		
Balance as at the beginning of the year	817.30	1,212.28
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Transferred to Capital Redemption Reserve	-	(394.98)
Less: Additional depreciation pursuant to inactment of schedule II of the Companies Act	-	-
Closing balance	817.30	817.30
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(530.22)	481.81
Add: Profit for the year	(579.59)	(993.18)
	(1,109.81)	(511.37)
Less: Dividend paid on redemption of Redeemable Preference Shares	-	15.71
Proposed Dividend on Equity Share zero paise per share (previous year zero paise per share)	-	-
Proposed Dividend on Preference Share, Rs.5/- per share (previous year Rs.5/- per share)	-	-
Dividend Distribution Tax	-	3.14
Less: Transferred to: General reserve	-	-
Transferred to capital redemption reserve	-	-
Closing balance	(1,109.81)	(530.22)
Total	7,431.98	8,011.57



Note No. 5

DEFERRED TAX LIABILITIES (NET)

(Amount in Lacs ₹)

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
Deferred tax liabilities (Net)		
Opening Balance	1,261.85	1,238.57
Tax effect of items constituting deferred tax liability		
Depreciation	-	(32.89)
Gratuity	-	-
Leave Encashment	-	-
Tax effect of items constituting deferred tax liability	-	(32.89)
Tax effect of items constituting deferred tax assets		
Depreciation	26.31	-
Gratuity	14.40	6.06
Leave Encashment	0.89	3.55
Tax effect of items constituting deferred tax assets	41.60	9.61
Net deferred tax liability for the year	41.60	(23.28)
Closing Balance	1,220.25	1,261.85

The Company has recognized deferred tax assets on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income tax. On conservatism basis management has not recognized the deferred tax assets on brought forward business losses.

Note No. 6

OTHER LONG TERM LIABILITIES

(a) Others:		
(i) Trade / security deposits received	465.59	428.98
(ii) Vehicle loans	0.51	5.02
Total	466.10	434.00

Note No. 7

SHORT TERM BORROWINGS

Secured		
From Banks		
Cash Credit	7,608.71	7,717.71
Stand by Line of Credit (SLOC)	505.37	504.54
Purchase Bill Discounting	57.40	415.13
Foreign Bill Discounting	-	13.85
Short Term Loan from Bank RBL	208.34	375.00
Unsecured		
Loan from Directors	150.00	371.06
Total	8,529.82	9,397.29

Notes:

(i) Working Capital Loan secured by way of Hypothecation of Inventories, Book Debts & Movable Fixed Assets of the Company and further secured by way of First charge of Property situated at GIDC-Umergaon (Gujarat), SIPCOT-Perundurai (Tamil Nadu), Edyarpalayam (Tamil Nadu) and Thingalur (Tamil Nadu).

(ii) The unsecured loan received from the Promoter of the Company.



Note No. 8

TRADE PAYABLES

(Amount in Lacs ₹)

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
Trade payables:		
Acceptances *	1,102.48	1,137.95
Other than Acceptances **	2,207.71	2,263.71
Total	3,310.19	3,401.66

* Acceptance represents Trade Payable covered under Letter of Credit.

** Payment against supplies from small scale and ancillary undertakings are generally made in accordance with agreed credit terms.

Note No. 9

OTHER CURRENT LIABILITIES

Current maturities of long-term debt	2.92	8.53
Unpaid dividends #	13.48	16.97
Salary Payable	151.78	145.32
Provision for Outstandings	180.58	99.82
Other payables *	193.23	186.00
Preference Shareholder A/c	22.53	22.53
Total	564.52	479.17

The figures reflect the position as at year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.

* Including Statutory dues, Contributions to PF and ESIC, VAT, TDS, Service Tax, Professional Tax etc.

Note No. 10

SHORT TERM PROVISIONS

For Employee Bonus	42.19	25.53
For Gratuity Payable	5.17	-
Total	47.36	25.53

Note No. 12

NON-CURRENT INVESTMENTS

Unquoted, Non-Traded Investment		
Non Traded		
(A) Investment in Government or trust securities		
(i) Government securities NSC	0.90	0.90
(B) Investment in Shares		
(i) Investment in Saraswat Bank	0.25	0.25
	1.15	1.15



VIP Clothing Limited
(Formerly known as Maxwell Industries Limited)
Note No.11:- Statement of Fixed Assets

Particulars	Gross Block			As at 31/03/2017	Depreciation			Net Block		
	As at 01/04/2016	Additions	Deductions/Adj stment		For the Year	Upto 01/04/2016	Deductions/Adj stment	Upto 31/03/2017	As at 31/03/2017	As at 31/03/2016
TANGIBLE ASSETS										
Land (Feeehold)	76.81	-	-	76.81	-	-	-	-	76.81	76.81
Land (Leasehold)	137.65	-	95.41	42.24	-	-	-	-	42.24	137.65
Building (Warehouse)	5.88	-	-	5.88	3.10	0.45	-	3.55	2.33	2.78
Building (Factory)	2,408.93	21.20	420.33	2,009.80	530.59	74.04	109.94	494.69	1,515.11	1,878.34
Plant and Equipment	4,839.98	23.15	2,059.39	2,803.74	2,416.97	229.76	1,375.29	1,271.44	1,532.30	2,423.01
Furniture and Fixtures	289.82	1.16	112.88	178.10	214.13	16.75	112.70	118.18	59.92	75.69
Vehicles	207.04	-	0.25	206.79	119.57	21.20	0.25	140.52	66.27	87.47
Office Equipment	88.03	1.94	18.10	71.87	73.94	3.72	17.56	60.10	11.77	14.09
Electrical Installation	207.10	-	113.48	93.62	184.21	3.77	110.29	77.69	15.93	22.89
Boiler	65.00	-	65.00	-	50.89	0.48	51.37	-	-	14.11
Effluent Treatment Plant	13.76	-	13.76	-	13.76	-	13.76	-	-	-
Computers and Accessories	230.51	2.55	11.77	221.29	193.19	12.78	10.47	195.50	25.79	37.33
INTANGIBLE ASSETS										
Computers Software	234.16	-	-	234.16	41.07	44.49	-	85.56	148.60	193.10
Goodwill and Other Right	1,189.65	-	-	1,189.65	-	-	-	-	1,189.65	1,189.65
Total	9,994.33	50.00	2,910.37	7,133.96	3,841.42	407.44	1,801.63	2,447.23	4,686.72	6,152.92
Capital Work in Progress	14.52	-	14.52	-	-	-	-	-	-	14.52
Grand Total	10,008.85	50.00	2,924.89	7,133.96	3,841.42	407.44	1,801.63	2,447.23	4,686.72	6,167.44
Previous Year	10,521.60	287.05	799.80	10,008.86	3,678.96	489.67	327.23	3,841.40	6,167.46	-

Total Depreciation for the year is Rs.407.44 Lakhs which includes continued operation and discontinued operation related depreciation. As mentioned below:

* Rs.357.66 Lakhs relating to continuing operation (previous year Rs.386.74 Lakhs)

** Rs.49.81 Lakhs relating to discontinued operation (previous year Rs.102.93 Lakhs)



Note No. 13

LONG TERM LOANS AND ADVANCES

(Amount in Lacs ₹)

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
(Unsecured and considered good)		
Security deposits	121.63	126.67
Loan to employees	26.55	21.48
Advance income tax (net of provisions)	124.66	114.66
Sales Tax refund receivable	463.78	422.45
Duty draw back receivable	24.41	42.04
Interest Receivable	17.05	1.89
Other loans and advances	7.10	4.99
Total	785.16	734.17

Note No. 14

INVENTORIES

(As certified by the Management)		
Raw materials	3,290.99	3,502.76
Stock in Process	2,991.58	3,192.29
Finished goods	4,049.10	4,861.03
Total	10,331.67	11,556.08

Note No. 15

TRADE RECEIVABLES

Trade receivables outstanding for a period exceeding six months		
Secured, considered good	-	-
Unsecured, considered good	1,748.54	1,941.78
Doubtful	-	75.00
	1,748.54	2,016.78
Less: Provision for doubtful trade receivables	-	75.00
	1,748.54	1,941.78
Other Trade receivables		
Secured, considered good	465.59	428.98
Unsecured, considered good	4,432.36	3,132.86
	4,897.95	3,561.84
Total	6,646.49	5,503.62

Note No. 16

CASH AND CASH EQUIVALENTS

(i) Cash on hand	0.12	0.20
(ii) Balances with banks		
In current accounts	2.60	30.59
In deposit accounts	366.02	243.39
In earmarked accounts		
- Unpaid dividend accounts	13.48	16.97
Total	382.22	291.15

The company has Pledged fixed deposits to the extent of Rs. 6.59 Lacs With banks for bank guarantees as lien



Note No. 17

SHORT TERM LOANS AND ADVANCE

(Amount in Lacs ₹)

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
Unsecured Considered Good		
Rent Receivable	0.41	0.86
Prepaid expenses	57.94	78.14
Total	58.35	79.00

Note No. 18

REVENUE FROM OPERATION

	For the Period ended 31st Mar 2017	For the Period ended 31st Mar 2016
(a) Sale of products (Refer Note (i))	22,937.07	19,260.76
(b) Other operating revenues # (Refer Note (ii))	272.68	185.26
	23,209.75	19,446.02
(c) Less :-Excise duty	-	-
Total	23,209.75	19,446.02
(i) Sale of products comprises :- <u>Manufactured goods</u>		
Knit wear	22,678.20	19,129.03
Yarn	-	-
Fabric	258.87	131.73
Total	22,937.07	19,260.76
(ii) Other operating revenues comprise:-		
Sale of scrap	37.28	39.78
Job Work	93.00	11.81
Duty drawback and other export incentives	142.40	133.67
Total	272.68	185.26

Note No. 19

OTHER INCOME

(a) Interest income	52.38	29.36
(b) Rental income from investment properties	0.75	0.75
(c) Profit on sale of fixed assets (net of expenses directly attributable)	0.01	3.28
(d) Forex exchange gain	-	1.87
(e) Miscellaneous income	38.06	21.19
(f) Insurance Claim	-	2.01
Total	91.20	58.46

Note No. 20 A

COST OF MATERIAL CONSUMED

Opening stock	3,502.76	3,143.24
Add: Purchases	12,923.62	13,828.02
	16,426.38	16,971.26
Less: Closing stock	3,290.99	3,502.76
Cost of material consumed	13,135.39	13,468.50



Note No. 20 B

CHANGE OF INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

(Amount in Lacs ₹)

Particulars	For the Period ended 31st Mar 2017	For the Period ended 31st Mar 2016
<u>Inventories at the end of the year:</u>		
Finished goods	4,049.10	4,861.03
Work-in-progress	2,991.58	3,192.29
	7,040.68	8,053.32
<u>Inventories at the beginning of the year:</u>		
Finished goods	4,861.03	2,776.68
Work-in-progress	3,192.29	3,314.14
	8,053.32	6,090.82
Net (increase) / decrease	1,012.64	(1,962.50)

Note No. 21

EMPLOYEE BENEFIT EXPENSES

Salaries and wages	1,517.58	1,396.28
Contributions to provident and other fund (Gratuity Fund)	135.80	106.45
Staff welfare expenses	68.04	67.65
Total	1,721.42	1,570.38

Note No. 22

FINANCE COST

(a) Interest expense on:-		
(i) Borrowings	1,105.01	1,123.08
(ii) Interest on security deposit	37.78	38.37
(b) Other borrowing costs :-		
Processing Charges	50.61	67.40
Bank charges	25.20	31.12
Total	1,218.60	1,259.97



Note No. 23

OTHER EXPENSES

(Amount in Lacs ₹)

Particulars	For the Period ended 31st Mar 2017	For the Period ended 31st Mar 2016
Books & Periodicals	2.83	3.07
Business promotion *	150.60	108.56
Communication (Postage & Telephone)	40.14	48.17
Festival Expenses	6.35	8.79
Freight and forwarding *	548.50	514.11
Freight Inward	135.82	146.81
Garmenting charges	1,855.84	2,017.44
Insurance	44.40	51.98
Knitting and processing charges	892.81	766.16
Legal and professional *	109.00	114.02
Loss on fixed assets sold / scrapped / written off	12.49	69.94
Membership & Seminar Expenses	3.84	2.51
Expenditure towards Corporate Social Responsibility (CSR) Activities	16.00	13.38
Miscellaneous expenses *	22.82	30.45
Insurance Claim Written Off	-	21.17
Net loss on foreign currency transactions and translation (other than considered as finance cost)	14.72	-
Payments to auditors (Refer Note (i) below)	21.33	17.88
Power and fuel	101.81	134.82
Printing & stationery and Computer Expenses	43.52	56.64
Bad Debts Written Off	185.93	180.07
Provision for Doubtful Debts	-	75.00
Rates and taxes	31.69	61.11
Rent	161.90	147.93
Repairs and maintenance - Buildings	26.60	8.88
Repairs and maintenance - Machinery	91.03	76.18
Repairs and maintenance - Others *	70.45	47.60
Sales commission *	198.63	166.07
Sales Tax & Turnover Tax	79.25	21.88
Security Service Charges	52.53	38.36
Travelling , conveyance and motor car*	382.90	343.48
Water Expenses	3.87	4.43
Total	5,307.60	5,296.89

Notes:

(i) Payments to the auditors comprises (net of service tax input credit, where applicable):

As auditors - statutory audit	15.53	13.80
For taxation matters	3.45	3.37
For company law matters	0.58	-
Reimbursement of expenses	1.77	0.71
Total	21.33	17.88

Note No. 24

EXCEPTIONAL ITEM AND DISCONTINUED OPERATIONS

During the financial year, Company had sold off the process unit (which was not in operation since last one year) situated at 13-15, SIPCOT, Perundurai, Erode, Tamil Nadu – 638 052, for a consideration of Rs.4.34 Crs and booked the capital loss of Rs.7.21 Crs and loss on account of discontinued operation is Rs.1.22 Crs.



25 Employee benefit plans

Employee benefit plans Defined contribution plans The Company makes Provident Fund and Employee pension scheme to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 159.98 Lacs (Year ended 31 March, 2016 ₹ 168.31 Lacs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. Defined benefit plans The Company offers the following employee benefit schemes to its employees: i. Gratuity ii. Other defined benefit plans (Leave Encashment) The following table sets out the funded status of the defined benefit schemes and the amount recognized in the financial statements: (₹ in Lakhs)				
Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Components of employer expense				
Current service cost	10.93	4.23	12.38	7.80
Interest cost	15.85	5.75	15.27	5.53
Expected return on plan assets	(16.80)	0.00	(17.55)	0.00
Curtailment cost / (credit)	0.00	0.00	0.00	0.00
Settlement cost / (credit)	0.00	0.00	0.00	0.00
Past service cost	0.00	0.00	0.00	0.00
Actuarial losses/(gains)	18.24	(7.67)	9.12	1.22
Total expense recognized in the Statement of Profit and Loss	28.22	2.31	19.22	14.55
Actual contribution and benefit payments for year				
Actual benefit payments	0.00	0.00	0.00	0.00
Actual contributions	0.00	0.00	0.00	0.00
Net asset / (liability) recognized in the Balance Sheet				
Present value of defined benefit obligation	208.89		198.12	
Fair value of plan assets	236.19		216.99	
Funded status [(Surplus) / Deficit]	(27.30)		(18.87)	
Unrecognized past service costs				
Net asset / (liability) recognized in the Balance Sheet				

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	198.12	71.47	190.84	69.20
Current service cost	10.93	4.23	12.38	7.80
Interest cost	15.85	5.75	15.27	5.53
Actuarial (gains) / losses	18.24	(7.67)	9.12	1.22
Benefits paid	(34.25)	(11.13)	(29.49)	(12.28)
Present value of DBO at the end of the year	208.89	62.65	198.12	71.47
Change in fair value of assets during the year				
Plan assets at beginning of the year	216.99		228.92	
Expected return on plan assets	16.80		17.55	
Actual company contributions	36.65		0.00	
Actuarial gain / (loss)	0.00		0.00	
Benefits paid	(34.25)		(29.48)	
Plan assets at the end of the year	236.19		216.99	
Actuarial assumptions				
Discount rate	8.00%	7.29%	8.00%	8.04%
Expected return on plan assets	8.00%	2.00%	8.00%	2.00%
Salary escalation	4.00%	4.00%	4.00%	4.00%



Note No. 26

CORPORATE SOCIAL RESPONSIBILITY

During the financial year, the Company spend Rs. 16.00 Lakhs (P.Y Rs. 13.38 Lakhs) out of the total amount of Rs. 1.26 Lakhs (P.Y Rs. 16.06 Lakhs) required to be spend as per the section 135 of the Companies Act, 2013 in respect of Corporate Social Responsibility (CSR). The Company was focus on implementing the project identified by the CSR Committee and successfully completed the project. The Company had utilised the amount required to be spend on the CSR project for the financial year 2016-17 and unspent amount belonging to financial year 2015-16 Rs. 2.68 Lakhs.

Note No. 27

DISCLOSURE ON SPECIFIED BANK NOTES

During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per notification are as follows:

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on November 8, 2016	8.17	5.13	13.30
Add: Permitted receipts	-	23.44	23.44
Less: Permitted payments	-	20.45	20.45
Less: Amount deposited in Banks	8.17	2.57	10.73
Closing cash in hand as on December 30, 2016	-	5.56	5.56

Note No. 28

RELATED PARTY TRANSACTIONS

a. Details of related parties:

Associates

Maxwell Ventures Private Limited
Maxwell Capital Management Private Limited
Maxwell Entertainment Private Limited
Maxwell Retails Private Limited
Maxwell Health and Hygiene Private Limited
HYBO Hindustan *
PAKO Hindustan *
Pats Treasures *
Unnati Ventures
Kanishk Capital Partners
K. 3 Realtors
Global Construction
Pathare Agro Farms
Shogun Chemicals Private Limited

Key Managerial Personnel

Shri Sunil J. Pathare *
Shri Kapil J. Pathare *

Note: Related parties have been identified by the Management.

* Transactions with Related Parties.



VIP Clothing Limited
(Formerly known as Maxwell Industries Limited)
Notes forming part of the financial statements as of 31st March, 2017

b. Details of related parties transactions and Balance outstanding as at 31st March 2017

Particulars	(Amount in Lacs ₹)	
	As at 31st Mar, 2017	As at 31st Mar, 2016
Transactions		
Purchase of goods / services	105.88	100.58
Sale of goods	-	-
Remuneration to Directors	99.90	106.64
Balance outstanding at the end of the year		
Trade receivables	-	51.75
Trade Payables	19.87	2.19

Note No. 29

EARNING PER SHARE

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
Earnings per share		
Net profit / (loss) after tax	(579.64)	(993.18)
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders	(579.64)	(993.18)
Weighted average number of equity shares	6,60,77,215	6,60,77,215
Par value per share	₹ 2/-	₹ 2/-
Earnings per share - Basic	-	-

Note No. 30

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company recognizes 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 when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
Guarantees given by bank	20.47	20.47
Claims against the company not acknowledged as debts - Cotton Corporation of India	33.83	33.83
Income Tax Liability in Appeal by IT department	1,175.53	1,175.53
Letter of Credits	851.12	630.65

Note No. 31

EARNINGS AND EXPENDITURE IN FOREIGN CURRENCY

Particulars	As at 31st Mar, 2017	As at 31st Mar, 2016
Expenditure in Foreign Currency		
Royalty	14.57	15.19
Travelling	8.73	9.97
Others	108.23	76.03
Earnings in Foreign Currency		
Export Inward Remittance	1,698.70	1,956.37



Note No. 32

DISCONTINUING OPERATION

During the financial year, Company had taken decision to sale the land and building of knitting unit, situated at 360/13, Ganesh Industrial Estate, Village Kachigam, Nani Daman, Daman - 396210. The operation of the knitting unit was discontinued. The Management is expected to complete the sale transaction by end of 2nd Quarter of the financial year 2017-18.

The carrying amount for the financial year 2016-17 of total assets to be of discontinuing operation to be disposed off is Rs.258.56 Lakhs. There is revenue of Rs.31.26 Lakhs from the discontinuing operation and Rs.73.43 Lakhs is the expenses on discontinuing operation during the financial year 2016-17.

Note No. 33

Previous year figures have been regrouped/rearranged, wherever necessary to make them comparable with the current year's



ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain accounting and other ratios on basis derived from our Audited Financial Statements included in the chapter “Financial Information” on page 62.

Accounting Ratios

(₹ in Lakhs, except for per share data)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Earnings Per Share		
(a) Basic Earnings Per Share (Note 1)	(0.88)	(1.50)
(b) Diluted Earnings Per Share (Note 2)	(0.88)	(1.50)
Return on Net Worth (Note 3)	(6.62)%	(10.64)%
Net Asset Value/Book Value per Equity Share of ₹ 2 each (Note 4)	13.25	14.12

Note 1

(₹ in Lakhs, except number of shares and per share data)

Particulars	Financial Year (2016 - 2017)	Financial Year (2015 - 2016)
Profit from continuous operation before exceptional item and tax	221.54	(1,593.41)
Add:		
Loss from discontinued operation before tax	(122.14)	(144.67)
Exceptional Item	(720.64)	791.16
Less:		
Current tax expense relating to prior years	-	22.98
Deferred tax (assets) / loss	(41.60)	23.28
Profit after tax	(A) (579.64)	(993.18)
Total number of outstanding Equity Shares	(B) 6,60,77,215	6,60,77,215
Basic earnings per share	(A)/ (B)* (0.88)	(1.50)
	100,000	

Note 2

There are no potential Equity shares or other convertible instruments with the Company. Hence, Diluted EPS is equal to Basic EPS.

Note 3

(₹ in Lakhs, except for per share data)

Particulars	Financial Year (2016 - 2017)	Financial Year (2015 - 2016)
Profit from continuous operation before exceptional item and tax	221.54	(1,593.41)
Add:		
Loss from discontinued operation before tax	(122.14)	(144.67)
Exceptional Item	(720.64)	791.16
Less:		
Current tax expense relating to prior years	-	22.98
Deferred tax (assets) / loss	(41.60)	23.28
Profit after tax	(A) (579.64)	(993.18)
Net Worth (I+II-III)	(B) 8,753.52	9,333.11
I. Share Capital	1,321.54	1,321.54
II. Reserves & Surplus	7,431.98	8,011.57
III. Revaluation Reserve and extra ordinary items	-	-

Particulars		Financial Year (2016 - 2017)	Financial Year (2015 - 2016)
Return on Net Worth	(A)/ (B)* 100	(6.62)%	(10.64)%

Note 4

(₹ and No. of shares in lakhs)

Particulars		Financial Year (2016 - 2017)	Financial Year (2015 - 2016)
Net Worth (I+II-III)	(A)	8,753.52	9,333.11
I. Share Capital		1,321.54	1,321.54
II. Reserves & Surplus		7,431.98	8,011.57
III. Revaluation Reserve and extra ordinary items		-	-
Number of equity shares outstanding at the end of the year / period	(B)	660.77215	660.77215
Net Asset Value / Book Value per Equity Share of ₹ 2 each	(A)/(B)	13.25	14.12

Source: As per certificate dated July 22, 2017 issued by M/s. Sharp & Tannan, Chartered Accountants.

Capitalisation Statement:

The following tables present the capitalisation statement as per the audited financial statements of the Company as at March 31, 2017:

(₹ in lakhs)

Particulars	Pre Issue as at 31 March 2017 [^]	Post Issue [#]
Borrowings		
Vehicle loan	0.51	●
Short Term Debt	8,529.82	●
Current Maturities of Long-term Debt	2.92	●
Total Debt	8,533.25	●
Shareholder's Fund		
Equity Share Capital	1,321.54	●
Reserves & Surplus	7,431.98	●
Total Shareholders' Fund	8,753.52	●
Total Debt/Equity	0.97	●
Long Term Debt/Equity	-	●

[#] The corresponding post issue figures will be determined upon finalization of issue price.

[^]Source: As per certificate dated July 24, 2017 issued by M/s. Sharp & Tannan, Chartered Accountants.

STOCK MARKET DATA FOR EQUITY SHARES

The Equity Shares of the Company are listed on the BSE and the NSE with effect from January 27, 2005 and August 6, 2007 respectively. Stock market data for our Equity Shares has been given separately for the BSE and the NSE.

The high, low prices and average of closing prices recorded on the BSE and the NSE for the preceding three Financial Years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

BSE

Year ending March 31	High (₹)*	Date of high	No. of shares traded on date of high	Total volume traded on date of high (₹ in lakhs)	Low (₹)*	Date of low	No. of shares traded on date of low	Total volume of traded on date of low (₹ in lakhs)	Average price for the year (₹)**
Mar-17	74.25	August 2, 2016	4,76,016	342.10	42.25	November, 22, 2016	44,025	19.10	56.98
Mar-16	88.75	April 8, 2015	7,35,286	629.58	29.20	February 26, 2016	1,38,640	41.99	57.10
Mar-15	76.60	March 11, 2015	7,25,330	527.24	14.50	April 2, 2014	8,838	1.34	32.01

(Source: www.bseindia.com)

* High and low prices are based on the high and low of the daily prices.

** Average of the daily closing prices.

NSE

Year ending March 31	High (₹)*	Date of high	No. of shares traded on date of high	Total volume traded on date of high (₹ in lakhs)	Low (₹)*	Date of low	No. of shares traded on date of low	Total volume of traded on date of low (₹ in lakhs)	Average price for the year (₹)**
Mar-17	74.40	August 2, 2016	14,43,478	1035.22	42.20	November 22, 2016	1,04,509	45.35	56.97
Mar-16	89.00	April 8, 2015	16,34,990	1,399.14	29.05	February 26, 2016	3,98,633	120.66	57.11
Mar-15	76.75	March 11, 2015	13,35,509	973.73	14.55	April 3, 2014	6,307	0.94	32.04

(Source: www.nseindia.com)

* High and low prices are based on the high and low of the daily prices.

** Average of the daily closing prices.

The high and low prices and volume of the Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month	Date of high	High (₹)*	Volume (No. of shares)	Total volume traded on date of high (₹ in lakhs)	Date of low	Low (₹)*	Volume (No. of shares)	Total volume traded on date of low (₹ in lakhs)	Average price for the month (₹)**
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Month	Date of high	High (₹)*	Volume (No. of shares)	Total volume traded on date of high (₹ in lakhs)	Date of low	Low (₹)*	Volume (No. of shares)	Total volume traded on date of low (₹ in lakhs)	Average price for the month (₹)**
June 2017	June 19, 2017	71.30	6,30,385	437.58	June 1, 2017	59.35	60,591	37.25	63.95
May 2017	May 15, 2017	72.20	15,04,700	1,027.15	May 2, 2017	52.80	16,910	9.13	59.80
April 2017	April 7, 2017	60.50	66,542	38.99	April 3, 2017	51.05	15,353	8.01	55.47
March 2017	March 20, 2017	55.95	1,51,636	82.34	March 10, 2017	47.85	12,217	5.94	50.63
February 2017	February 10, 2017	57.30	62,845	35.39	February 28, 2017	50.00	6,749	3.48	52.51
January 2017	January 25, 2017	56.45	58,187	32.10	January 30, 2017	48.10	12,495	6.60	53.16

(Source: www.bseindia.com)

* High and low prices are based on the high and low of the daily closing prices.

**Average of the daily closing prices.

NSE

Month	Date of high	High (₹)*	Volume (No. of shares)	Total volume traded on date of high (₹ in lakhs)	Date of low	Low (₹)*	Volume (No. of shares)	Total volume traded on date of low (₹ in lakhs)	Average price for the month (₹)**
June 2017	June 19, 2017	71.30	23,36,034	1,618.93	June 1, 2017	59.95	2,79,270	171.48	63.97
May 2017	May 15, 2017	72.40	54,56,875	3,717.24	May 2, 2017	52.60	86,828	46.73	59.75
April 2017	April 7, 2017	60.50	4,15,096	242.79	April 3, 2017	50.75	1,59,851	84.12	55.43
March 2017	March 20, 2017	56.25	8,04,271	436.99	March 10, 2017	47.70	38,118	18.54	50.53
February 2017	February 10, 2017	57.25	1,62,365	91.28	February 16, 2017	50.50	50,553	25.85	52.55
January 2017	January 25, 2017	56.45	1,25,258	68.77	January 2, 2017	51.10	1,65,720	87.89	53.12

(Source: www.nseindia.com)

* High and low prices are based on the high and low of the daily prices.

**Average of the daily closing prices.

Week end closing prices of the Equity Shares for the last four weeks on BSE and NSE are as below:

BSE

Week Ended on	Closing Price (₹)	Highest Price (₹)*	Date of High	Low price (₹)*	Date of Low
July 28, 2017	61.30	65.60	July 24, 2017	60.75	July 28, 2017
July 21, 2017	64.75	67.75	July 19, 2017	64.00	July 17, 2017
July 14, 2017	65.70	73.50	July 10, 2017	64.70	July 14, 2017
July 7, 2017	71.55	73.75	July 5, 2017	63.75	July 3, 2017

(Source: www.bseindia.com)

**High and low prices are based on the high and low of the daily prices*

NSE

Week Ended on	Closing Price (₹)	Highest Price (₹)*	Date of High	Low price (₹)*	Date of Low
July 28, 2017	64.15	65.80	July 24, 2017	60.85	July 28, 2017
July 21, 2017	64.80	67.70	July 19, 2017	63.95	July 18, 2017
July 14, 2017	66.00	73.00	July 10, 2017	65.40	July 14, 2017
July 7, 2017	71.80	73.45	July 5, 2017	63.75	July 3, 2017

(Source: www.nseindia.com)

** High and low prices are based on the high and low of the daily prices*

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

The closing price of the Equity Shares as on April 24, 2017, the trading day immediately following the day on which Board approved the Issue, was ₹ 57.30 and ₹ 57.35 on the BSE and the NSE respectively.

The closing market price of our Equity Shares as on July 27, 2017, the trading day immediately prior to the date of the Draft Letter of Offer, was ₹ 62.05 and ₹ 61.75 on BSE and NSE, respectively.

MATERIAL DEVELOPMENTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, our working results for the period from April 1, 2017 to May 30, 2017 are set out in the table below:

(₹ in lakhs)

Particulars	Amount
Sales / turnover (Net)	4,073.03
Other income	8.44
Total Income	4,081.47
Estimated gross profit / loss (excluding depreciation and taxes)	612.00
Provision for depreciation	57.00
Provision for taxes	0.00
Estimated net profit / loss	51.88

Material changes and commitments

There are no material changes and commitments, which are likely to affect our financial position, other than as disclosed to the Stock Exchanges since March 31, 2017 till date of the Draft Letter of Offer.

SECTION VIII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as described below, there are no outstanding litigations including, suits, or civil prosecutions and taxation related proceedings against us that would have a material adverse effect on our business or financial position.

In determining whether any outstanding litigation against our Company other than litigation involving moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences would have a material adverse effect on our business, the materiality threshold has been determined as per Clause XII sub-clause C in Part E of Schedule VIII of the SEBI ICDR Regulations, which stipulates that disclosure of outstanding litigation is required where:

- (a) the aggregate amount in such individual litigation is likely to exceed ₹ 233.01 Lakhs, being 1% of the total revenue of our Company or ₹ 87.54 Lakhs being 1% of the net worth of our Company, as per the last completed financial year;*
- (b) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in a single case individually may not exceed ₹ 233.01 Lakhs being 1% of the total revenue of our Company or ₹ 87.54 Lakhs being 1% of the net worth of our Company, as per the last completed financial year, if similar cases put together collectively exceed such threshold.*

For the purpose of this section, we have considered the materiality threshold of 1% of the net worth of our Company, as per the last completed financial year that being ₹ 87.54 lakhs.

Further from time to time, we have been and continue to be involved in legal proceedings filed by and against us, arising in the ordinary course of our business.

Further, there are no litigations against us involving moral turpitude or criminal liability and or proceedings relating to economic offences which have arisen in immediately preceding ten years.

Further, except as disclosed below, there are no material violations of statutory regulations and or proceedings which have arisen in immediately preceding ten years.

LITIGATION INVOLVING OUR COMPANY

I. LITIGATIONS INVOLVING OUR COMPANY

A. Civil Litigation

1. ***Civil Miscellaneous Appeal No. 3274 of 2010 filed by our Company against the Cotton Corporation of India Limited (“Respondent No. 1”), M/s Krishnakumar’s Tradewell (“Respondent No. 2”) and Mr. P. Kali (“Respondent No. 3”) before the High Court of Judicature at Madras (Respondent No. 1, 2 and the Company shall hereinafter be collectively referred to as “Parties”)***

Respondent No. 3 had passed an award dated October 5, 2002 (“Award”) against our Company and Respondent No. 2 in the matter of arbitration petition no. 25 of 2002 filed by Respondent No. 1 for alleged breach of contract entered into by and between the Parties for purchase of cotton bales. Under this Award, our Company and Respondent No. 2 were jointly directed to pay Respondent No. 1 a sum of ₹ 33,82,963.49/- in the form of compensation for the loss suffered by Respondent No. 1. The Award was subsequently confirmed by order dated November 19, 2009 passed by the Additional District Judge, Coimbatore.

Our Company has thereafter filed the present appeal before the High Court of Madras challenging the Award and Miscellaneous Petition to stay all proceedings pursuant to the Award until disposal of the said appeal.

This matter is presently pending before the High Court of Madras.

B. Criminal Litigation

Our Company has instituted 14 (fourteen) criminal complaints under Section 138 of the Negotiable Instruments Act, 1881 for an aggregate amount of ₹ 1,37,39,949 approximately against various persons or entities, as the case maybe, for dishonor of cheques issued in the name of our Company. These complaints are pending at various stages of adjudication before competent courts of jurisdiction.

II. TAX LITIGATION

A. Income Tax

1. *Income Tax Appeal No. 1392 of 2007 filed by the Commissioner of Income Tax (“Appellant”) against the Company before the High Court of Mumbai at Mumbai*

Pursuant to a search and seizure carried out under section 132 of the Income Tax Act, 1961, the assessing authority directed the Company to file returns for the period from April 1, 1990 to March 31, 2001 (“Block Period”). The returns were filed by the Company for undisclosed income of Rs. 1,03,31,000/- arising out of sale of rejects or seconds fabric and receipt of incentives and kickbacks from manufacturers during the Block Period. Although the assessing authority agreed with the explanations of the Company, it did not agree with the quantum of the undisclosed income and had passed an order dated January 31, 2003 under which the total undisclosed income of the Company amounted to Rs. 25,04,52,519/-. The Company filed an appeal before the Commissioner of Income Tax (Appeals) (“Commissioner”) against the said order which was partly upheld by the Commissioner. Thereafter, the Appellant had filed an appeal before the Income Tax Appellate Tribunal, Mumbai (“ITAT”) against the order of the Commissioner to which the Company responded with a cross objection. The ITAT had vide order dated March 30, 2007 dismissed the appeal of the Appellant and upheld the cross objection of the Company.

Therefore, the Appellant had filed an appeal before the High Court of Mumbai against the Impugned Order and the disputed claim is valued at Rs. 11,73,39,000/-.

At present, the matter is pending before the High Court of Mumbai.

B. Sales Tax

1. *Writ Petition No. 43616 of 2006 filed by the Company against the Deputy Commercial Tax Officer, Gobichettipalayam, Tamil Nadu (“Respondent”) before the High Court of Madras at Madras.*

The Company had claimed a concessional rate of 1% tax on interstate sales of hosiery goods under notification dated August 8, 1996 bearing reference number II(1)/CTRE/84(a-2)/96 (“Notification”) issued by the Government of Tamil Nadu. The Respondent had vide order dated July 28, 2006 (“Impugned Order”) disallowed the concessional rate of tax claimed by the Company on the grounds that the Company had effected branch transfer of the hosiery goods and was therefore, not eligible to avail the said concession. The Company had therefore, filed a writ petition before the High Court of Madras to set aside and quash the Impugned Order and the disputed claim amount is valued at Rs. 1,95,45,746/-.

At present, the matter is pending before the High Court of Madras.

2. *Writ Petition No. 18854 of 2005 filed by the Company against the State of Tamil Nadu represented by the Secretary to Government, Commercial Taxes and Religious Endowments Department, Fort St. George, Chennai (“Respondent No. 1”) and the Deputy Commercial Tax Officer, Gobichettipalayam (“Respondent No. 2”) (“Respondents”)*

During the assessment year 2003- 04, the Company had claimed a concessional rate of tax at 1% on the interstate sale of hosiery goods under the Notification, more particularly described under the writ petition

bearing number B (1) of this chapter. The Respondent No. had issued a notice dated May 10, 2005 proposing to disallow this concession on the ground that since the Company had effected a branch transfer of its cotton yarn and hosiery goods, it was not eligible to avail the said concession. The Company had, therefore, filed a writ petition before the High Court of Madras to stay all the proceedings issued by Respondent No. 1 against the Company and to declare that the Notification containing the words “by any dealer who does not have any branch or consignment transfer during a year” as wrong, illegal, unconstitutional and violative of Article 301 and 304 (a) of the Constitution of India.

At present, the matter is pending before the High Court of Madras.

III. MATERIAL VIOLATION OF STATUTORY REGULATIONS BY THE COMPANY

A. Companies Act, 1956

The Company had entered into certain transactions with various parties in which three directors of the Company were interested. The same was done without obtaining the prior approval of the Central Government thereby violating the provisions of Section 297 of the Companies Act, 1956 (“**Offence**”). The Company and its directors filed an application under Section 621A of the Companies Act, 1956 to compound the Offence. The Regional Director, Western Region, Ministry of Corporate Affairs has *vide* order dated October 31, 2013 directed the Company to pay a compounding fee of ₹ 25,000 and also directed each director to pay ₹ 20,000 and the company secretary to pay ₹ 15,000.

B. Legal Metrology Act, 2009

Sr. No	Date of the Notice/ Order	Particulars of the case	Name of the Regulatory Authority	Status
1.	Notice dated December 22, 2008 bearing reference number ILM/Court/447/08	The packaged commodities manufactured by the Company were seized at the premises of the retailer since the same was in violation of the requirements stipulated under the Standard Weights and Measures Act, 1976 read with the Standard Weights and Measures (Packaged Commodities) Rules, 1977 and the Standard Weights and Measures (Enforcement) Act, 1985.	Inspector of Legal Metrology, Chandrapur	Fine of ₹ 3,000 has been paid by the Company on June 22, 2010.
2.	Notice dated June 14, 2010 bearing reference number No. ILM/Court/ Ngp – 2/ 296/2010	The packaged commodities manufactured by the Company were not in compliance with Section 33 of the Standard Weights and Measures (Enforcement) Act, 1985.	Inspector of Legal Metrology, Nagpur	Fine of ₹ 500 has been paid by the Company on March 2, 2012.
3.	Notice dated April 20, 2010	The packaged commodities manufactured by the Company were seized at the premises of the retailer since the same were in violation of rule 4 read with 6 (1) (b) read with rule 23 of the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 and Section 39 read with Section 39 of the Standard Weights and	Inspector of Legal Metrology, Bengaluru	Fine of ₹ 500 has been paid by the Company on March 2, 2012.

Sr. No	Date of the Notice/ Order	Particulars of the case	Name of the Regulatory Authority	Status
Measures Act, 1976				
4.	Notice dated December 24, 2012 bearing reference number ILM/Bhandup/ Notice/ 2012/759 issued by the Inspector of Legal Metrology, Mumbai	The packaged commodities manufactured by the Company were seized at the premises of the retailer since the same were in violation of Section 18 (1) of the Legal Metrology Act, 2009 read along with rule 6 (1) (d), and 6(3) of the Legal Metrology (Packaged Commodities) Rules, 2011.	Deputy Controller of Legal Metrology, Mumbai	Fine of ₹ 1,20,000 was paid by the Company on April 30, 2013.
5.	Notice dated January 31, 2013 bearing reference number ILM/Vikroli/ Notice/ 2013/61 issued by the Inspector of Legal Metrology, Mumbai	The packaged commodities manufactured by the Company were seized at the premises of the retailer since the same were in violation of Section 18 (1) read along with 18(6) of the Legal Metrology Act, 2009.	Deputy Controller of Legal Metrology, Mumbai	Fine of ₹ 1, 20,000 was paid by the Company on May 30, 2013.
6.	Notice dated June 8, 2013 issued by the Department of Legal Metrology, Jhansi	The packaged commodities manufactured by the Company were in violation of the provisions of the Legal Metrology Act, 2009 and the rules notified there under.	Inspector of Legal Metrology, Jhansi	Fine of ₹ 10,000 was paid by the Company on June 25, 2013.
7.	Notice dated March 11, 2013 issued by the Inspector of Legal Metrology, Nagpur	The packaged commodities manufactured by the Company were in violation of the provisions of the Legal Metrology Act, 2009 and the rules notified there under.	Inspector of Legal Metrology, Nagpur	Fine of ₹ 80,000 was paid by the Company on March 12, 2013.
8.	Notice dated October 18, 2013 bearing reference number 240/2013 issued by the Department of Legal Metrology, Tamil Nadu	The packaged commodities manufactured by the Company were seized at the premises of the since the same were in violation of the provisions of the Legal Metrology Act, 2009 and the rules notified thereunder.	Inspector of Legal Metrology, Tamil Nadu	Fine of ₹ 10,000 was paid by the Company on January 27, 2014.
9.	5 (five) Notices dated November 22, 2013 issued by the Department of Legal Metrology, Hyderabad	The packaged commodities manufactured by the Company were seized at the premises of the retailer since the same were in violation of Rule 6(1) of the Legal Metrology (Packaged Commodities) Rules, 2011.	Inspector of Legal Metrology, Hyderabad	Fine of ₹ 5,000 for each notice, i.e., ₹ 25,000 was paid by the Company on April 2, 2014.
10.	Notice dated December 6, 2013 issued by the Department of Legal Metrology, Mumbai	The packages of the Company did not mention the declarations required under Section 18 of the Legal Metrology Act, 2009 read along with rules 2 (m) and 6(3) of the Legal Metrology (Packaged Commodities) Rules, 2011 and were therefore, seized by the	Inspector of Legal Metrology, Mumbai	Fine of ₹ 2,00,000 was paid by the Company on December 31, 2013

Sr. No	Date of the Notice/ Order	Particulars of the case	Name of the Regulatory Authority	Status
		Inspector.		
11.	Notice dated October 15, 2013 bearing reference number ILM/FS-2/Pro/225/13-14 issued by the Department of Legal Metrology, Bangalore	The packaged commodities manufactured by the Company were seized at the premises of the retailer since the same were in violation of the Legal Metrology Act, 2009 and the Legal Metrology (Packaged Commodities) Rules, 2011.	Inspector of Legal Metrology, Bangalore	Fine of ₹30,000, ₹30,000, ₹20,000 and ₹2,000 was paid by the Company on November 11, 2013, October 31, 2013, November 12, 2013 and November 12, 2013 respectively.
12.	Notice dated July 9, 2014 bearing reference number 7/PC/14-15 issued by the District Inspector, Legal Metrology, Gajuwaka - III	The packaged commodities of the Company were found to be in violation of Section 18 of the Legal Metrology Act, 2009 and rules 4 and 6 of the Legal Metrology (Packaged Commodities) Rules, 2011	District Inspector of Legal Metrology, Gajuwaka - III	Fine of ₹ 25,000 was paid by the Company on August 28, 2014.
13.	Order dated November 18, 2014 issued by the Senior Inspector, Weights and Measures, Meerut	The packaged commodities manufactured by the Company were found to be in violation of the Legal Metrology Act, 2009 and the rules notified thereunder.	Inspector of Legal Metrology, Meerut	Fine of ₹ 50,000 was paid by the Company on November 18, 2014.
14.	Panchanama issued by the Department of Legal Metrology, Telangana on July 21, 2014	The packaged commodities manufactured by the Company were found to be in violation of Sections 18 and 36 of the Legal Metrology Act, 2009.	Inspector of Legal Metrology, Telangana	Fine of ₹ 10,000 was paid by the Company on July 21, 2014.
15.	Notice dated February 10, 2015 issued by the Department of Legal Metrology, Lucknow	The packaged commodities manufactured by the Company were found to be in violation of Sections 18 and 36 of the Legal Metrology Act, 2009.	Inspector of Legal Metrology, Lucknow	Fine of ₹ 25,000 was paid by the Company on April 4, 2015.
16.	Notice dated March 9, 2015 bearing reference number NO/ILM/JN/PCR/1 03/2014-15 issued by the Department of Legal Metrology, Karnataka	The packaged commodities manufactured by the Company were seized at an inspection at the premises of the retailer since the same were in violation of Sections 18 and 36 of the Legal Metrology Act, 2009.	Inspector of Legal Metrology, Bangalore	Fine of ₹ 25,000 was paid by the Company on April 15, 2015.
17.	Notice dated June 3, 2015 issued by the Inspector of Legal Metrology, Mumbai	During an inspection at the premises of the retailer, the packaged commodities manufactured by the Company were seized since they were found to be in violation of Section 18 (1) read along with Section 6 of the Legal Metrology Act, 2009.	Inspector of Legal Metrology, Mumbai	Fine of ₹ 2,25,000 and ₹ 90,000 was paid by the Company on October 19, 2015.
18.	Notice bearing	The packaged commodities	Inspector of	Fine of ₹ 2,500 was

Sr. No	Date of the Notice/ Order	Particulars of the case	Name of the Regulatory Authority	Status
	reference number 150/2015 dated July 25, 2015 issued by the Office of the Assistant Labour Inspector, Government of Tamil Nadu	manufactured by the Company were seized at the premises of the retailer since the same were found to be in violation of the provisions of the Legal Metrology Act, 2009 and the rules made thereunder.	Legal Metrology	paid by the Company on January 22, 2016.
19.	Notice dated December 1, 2015 bearing reference number LMO/PC/CN/04510 36/15-16 issued by the Inspector of Legal Metrology	The packaged commodities manufactured by the Company were found to be in violation of Section 18 of the Legal Metrology Act, 2009 read with rule 6, 7, 9 and 18 (1) of the Legal Metrology (Packaged Commodities) Rules, 2011	Inspector of Legal Metrology	Fine of ₹ 2,500 was paid by the Company on December 17, 2015.
20.	Notice dated February 14, 2016 bearing reference number 39/PC/15-16 issued by the Department of Legal Metrology, Andhra Pradesh	The packaged commodities manufactured by the Company were found to be in violation of Section 18 and 36 of the Legal Metrology Act, 2009 read along with rule 4 and 6(2) of the Legal Metrology (Packaged Commodities) Rules, 2011	Inspector of Legal Metrology	Fine of ₹ 25,000 was paid by the Company vide demand draft dated February 26, 2016
21.	Notice dated February 5, 2016 in notice bearing reference number 723 - 725 issued by the Legal Metrology Department, New Delhi.	The packaged commodities manufactured by the Company were found to be in violation of Sections 18 (1), 36 (1), 11 and 29 of the Legal Metrology Act, 2009 and the rules made there under during the inspection held on February 5, 2016 at the premises of the respective retailer.	Assistant Controller, Legal Metrology	Fine of ₹ 10,000 was paid by the Company on February 29, 2016.
22.	Show cause notice dated September 23, 2016 issued by the Legal Metrology Department, Uttar Pradesh	The packaged commodities manufactured by the Company were found to be in violation of Section 18(1) and 36 (2) of the Legal Metrology Act, 2009.	Inspector of Legal Metrology, Uttar Pradesh	Fine of ₹ 10,000 was paid by the Company on October 22, 2016.

GOVERNMENT AND OTHER STATUTORY APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. In addition, except as mentioned in this section “*Government and Other Statutory Approvals*”, as on the date of the Draft Letter of Offer, there are no pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities undertaken by us or in relation to the Issue.

Approvals for its business:

Except as stated below, we have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and no further material approvals are required for carrying on our present activities.

Approvals applied for but not yet received as on date of the Draft Letter of Offer

- Our Company has applied for registration of 34 trademarks which are pending before the Registrar of Trademarks for approval.
- The license of our Bangalore office under the Karnataka Shops and Establishments Act, 1961 has expired and is under the process of renewal.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Rights Equity Shares to the Eligible Equity Shareholders is being made in accordance with the

1. Resolution passed by our Board of Directors under Sections 62(1)(a) and other provision of the Companies Act, at its meeting held on April 22, 2017.
2. In-principle approval from BSE dated [●].
3. In-principle approval from NSE dated [●].
4. RBI approval dated [●] in relation to renunciation.

The Board of Directors or Committee thereof in their meeting held on [●] have determined the Issue Price as ₹ [●] per Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

RBI Approval for Renunciation

Our Company proposes to apply to the RBI for seeking its approval for renunciation of the Rights Entitlement by (a) an Equity Shareholder resident in India, in favour of any person resident outside India (other than erstwhile OCBs); (b) an Equity Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Equity Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs).

Prohibition by SEBI or RBI or other governmental authority

Neither we, the Promoters, the Promoter Group entities, the Directors nor any other company to which the above persons are associated as promoters, directors or persons in control, have been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI.

None of the Directors of the Company are associated with the capital market in any other manner. Further, SEBI has not initiated action against any entity with which the Directors are associated.

Neither we, the Promoters, the Promoter Group entities, the Group Companies nor the relatives of the Promoter have been declared willful defaulters by the RBI or any other authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Except as stated in the section titled “*Our Management*” on page 58, none of our directors hold current or have held directorships in the last five years in a listed company whose shares have been suspended from trading on BSE or NSE or in a listed company that has been was delisted from any stock exchange.

Eligibility for the Issue

We are a Company incorporated under the Companies Act, 1956 and our Equity Shares are listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter IV of the SEBI ICDR Regulations.

We are eligible to make disclosures in the Draft Letter of Offer as per clause (5) Part E of Schedule VIII of the SEBI ICDR Regulations as we are in compliance with the following:

- a) we have been filing periodic reports, statements and information in compliance with the Listing Agreement and SEBI Listing Regulations for the last three years immediately preceding the date of filing the Draft Letter of Offer with SEBI;

- b) the reports, statements and information referred to in sub-clause (a) above are available on the website of the BSE and the NSE which are recognised stock exchange with nationwide trading terminals or on a common e-filing platform specified by SEBI;
- c) we have an investor grievance-handling mechanism which includes meeting of the Shareholders' or Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Compliance with Regulation 4(2) of the SEBI Regulations

Our Company is in compliance with the conditions specified in regulation 4(2) of the SEBI Regulations, to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, INGA CAPITAL PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, INGA CAPITAL PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 28, 2017 WHICH READS AS FOLLOWS:

- 1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE**
- 2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

- c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 AND COMPANIES ACT, 2013 THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED AND OTHER APPLICABLE LEGAL REQUIREMENTS
- 3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID
- 4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE
- 5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
- 6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED 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 LETTER OF OFFER – NOT APPLICABLE
- 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, AS AMENDED SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE
- 8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION 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.
- 9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID COMPANY ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES

MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER(S) TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI ICDR REGULATIONS

- 10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE**
- 11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED 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 LETTER OF OFFER:**
 - a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**
 - b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**
- 13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, WHILE MAKING THE ISSUE. – NOTED FOR COMPLIANCE**
- 14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**
- 15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**
- 16) WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO IS RESPONSIBLE FOR PRICING THE ISSUE)’, AS PER FORMAT SPECIFIED BY SEBI THROUGH THE CIRCULAR – NOT APPLICABLE**
- 17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISED FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY REPORTED AS PER THE ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT LETTER OF OFFER, IN RELIANCE ON THE CERTIFICATE DATED JULY 22, 2017 OF M/S. SHARP & TANNAN, CHARTERED ACCOUNTANTS, FIRM REGISTRATION NUMBER 109982W ISSUED IN ACCORDANCE WITH ACCOUNTING STANDARD 18.**

18) WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE) – NOT APPLICABLE

THE FILING OF THE DRAFT LETTER OF OFFER 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 OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Caution

Disclaimer clauses from the Company and the Lead Manager

We and the Lead Manager accept no responsibility for statements made otherwise than in the Draft Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

We and the Lead Manager shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in the Draft Letter of Offer. You must not rely on any unauthorized information or representations.

The Draft Letter of Offer is rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in the Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to us and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Disclaimer with respect to jurisdiction

The Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE.

Disclaimer Clause of BSE

As required, a copy of the Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as will be intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of NSE

As required, a copy of the Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as will be intimated by the NSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to

filing with the Stock Exchanges.

Filing

The Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. After SEBI gives its observations, the Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Selling Restrictions

The distribution of the Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making the Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer is filed with SEBI for observations. Accordingly, the rights or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs should not, in connection with the issue of the rights or Rights Equity Shares or rights, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the rights referred to in the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs.

Neither the delivery of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Rights Equity Shares by such persons following the offer.

The rights and the Rights Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The rights and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any 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.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of rights or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration

requirements of the Securities Act.

Eligible Investors

The rights or Rights Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Rights Equity Shares are deemed to have made the representations set forth immediately below.

Equity Shares and Rights Offered and Sold in the Issue

Each purchaser acquiring the rights or Rights Equity Shares, by its acceptance of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs and of the rights or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs and such other information as it deems necessary to make an informed investment decision and that:

- I. the purchaser is authorized to consummate the purchase of the rights or Rights Equity Shares in compliance with all applicable laws and regulations;
- II. the purchaser acknowledges that the rights and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- III. the purchaser is purchasing the rights or Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- IV. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Rights Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Rights Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Rights Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such rights or Rights Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;
- V. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- VI. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Rights Equity Shares, or any economic interest therein, such rights or Rights Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the rights or Rights Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;
- VII. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Rights Equity Shares;
- VIII. the purchaser understands that such rights or Rights Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE RIGHTS EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- IX. the purchaser agrees, upon a proposed transfer of the rights or the Rights Equity Shares, to notify any purchaser of such rights or Rights Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Rights Equity Shares being sold;
- X. the Company will not recognize any offer, sale, pledge or other transfer of such rights or Rights Equity Shares made other than in compliance with the above-stated restrictions; and
- XI. the purchaser acknowledges that the Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Rights Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such rights or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.
- XII. Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State) who receives any communication in respect of, or who acquires any rights or Rights Equity Shares under, the offers contemplated in the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs will be deemed to have represented, warranted and agreed to with Lead Manager and the Company that in the case of any rights or Rights Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
- XIII. the rights or Rights Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale; or
- XIV. where rights or Rights Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those rights or Rights Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the rights or Rights Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the rights or Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the rights or Rights Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Listing

The existing Equity Shares are listed on the BSE and the NSE. We have made applications to the BSE and the NSE for obtaining in-principle approval in respect of the Rights Equity Shares. We will apply to the BSE and the NSE for listing and trading of the Rights Equity Shares.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, we shall forthwith repay, without interest, all monies received from applicants in

pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

Consents

Consents in writing of the Directors, the Auditors, the Lead Manager, the Legal Counsel, the Registrar to the Issue and the Banker(s) to the Issue* to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Draft Letter of Offer.

**Consents will be obtained before filing of Letter of Offer.*

M/s. Sharp & Tannan, Chartered Accountants, our Auditors, have given their written consent for the inclusion of their report appearing in the Draft Letter of Offer and such consent and report have not been withdrawn up to the date of the Draft Letter of Offer.

Expert

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

Our Company has received written consent from the Auditor to include its name as an expert under Section 2(38) and Section 26(5) of the Companies Act in the Draft Letter of Offer in relation to the report of the Auditors on audited financial statements dated May 11, 2017. Our Company has also received written consent from the Auditor, to include its name as an expert under Section 26(5) of the Companies Act in the Draft Letter of Offer in relation to the report on statement of tax benefits dated July 22, 2017 and such consent has not been withdrawn as of the date of the Draft Letter of Offer.

Further, our Company has received a written consent from Marmik D. Patel, Practising Company Secretary, dated July 28, 2017 to include their name as an “expert” under Section 2(38) of the Companies Act, 2013 in the Draft Letter of Offer.

The term “experts” and consent thereof does not represent an expert or consent within the meaning under the 1933 Securities Act of the United States of America

Issue Related Expenses

The Issue related expenses include, inter alia, Lead Manager’s fee, printing and distribution expenses, advertisement and marketing expenses and Registrar, legal and depository fees and other expenses and are estimated at ₹ [●] (approximately [●] % of the total Issue size) and will be met out of the proceeds of the Issue.

Particulars	Amount (₹ in lakhs)*	As a percentage of total Issue expenses*	As a percentage of Issue size*
Fees of the Lead Manager, Bankers to the Issue, Registrar to the Issue, legal advisor, Auditor’s fees, including out of pocket expenses, regulatory fees, filing fees, listing fees and other miscellaneous expenses	[●]	[●]	[●]

Particulars	Amount (₹ in lakhs)*	As a percentage of total Issue expenses*	As a percentage of Issue size*
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

*Amount will be finalized at the time of filing the Letter of Offer and determination of Issue Price and other details.

Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations. Additionally, we have been registered with the SEBI Complaints Redress System (“SCORES”) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us.

The share transfer and dematerialization for us is being handled by Link Intime India Private Limited, Registrar and Share Transfer Agent, which is also the Registrar to the Issue. Letters are filed category wise after being attended to. All investor grievances received by us have been handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

Our Stakeholders Relationship Committee comprises of Ms. Meher Castelino, Mr. Gopal Sehgal, Mr. Chetan Sheth, Mr. Sunil J Pathare, Mr. Robin Banerjee and Mr. Kapil J Pathare. Our Stakeholders Relationship Committee oversees the reports received from the Registrar and Share Transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no. / demat account no., name and address, contact telephone/ cell numbers, email id of the first applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be within 30 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Private Limited

C-101, 247 Park,

Lal Bahadur Shastri Marg,

Vikhroli West, Mumbai 400 083

Telephone: +91 22 4918 6200

Fax: +91 22 4918 6195

Email: vipclothing.rights@linkintime.co.in

Investor Grievance E-mail: vipclothing.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sumeet Deshpande

SEBI Registration: INR000004058

Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/ share certificates/ demat credit/ refund orders etc. The contact details of the Compliance Officer are as follows:

Mr. Ashish Mandaliya

C-6, Road No. 22, MIDC,

Marol, Andheri (East),

Mumbai – 400 093,

Maharashtra, India

Telephone: +91 22 28257 624/27;

Facsimile: + 91 22 2837 1023/24

E-mail: ashish.mandaliya@viporg.com

Status of Complaints

- (a) Total number of complaints received during Fiscal 2015: 2
- (b) Total number of complaints received during Fiscal 2016: 6
- (c) Total number of complaints received during Fiscal 2017: 2
- (d) Time normally taken for disposal of various types of investor complaints: 7-10 days
 - Share transfer process: Within 15 days after receiving full set of documents
 - Share transmission process: Within 21 days after receiving full set of documents
 - Other Complaints: Within 7-10 days from the receipt of the Complaint

Status of outstanding investor complaints

As on the date of the Draft Letter of Offer, there were no outstanding investor complaints.

Changes in Auditors during the last three years

Except for M/s Sharp & Tannan who were appointed in the financial year 2016-17, there has been no change in the Auditors during the last three years.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

SECTION IX – OFFERING INFORMATION

TERMS OF THE ISSUE

The Rights Equity Shares proposed to be issued are subject to the terms and conditions contained in the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, RBI approval, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI and RBI, or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. All rights/ obligations of Equity Shareholders in relation to application and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIBs, Non-Institutional Investors (including all companies or body corporate) and other investors (applicants whose application amount exceeds ₹ 2 Lakhs) complying with the eligibility conditions of SEBI circular dated December 30, 2009 can participate in the Issue only through the ASBA process. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 2 Lakhs. All Retail Individual Investors complying with the conditions prescribed under the SEBI circular dated December 30, 2009 may optionally apply through the ASBA process provided they are eligible ASBA investors. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 2 Lakhs can participate in the Issue either through the ASBA process or the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 137. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

Please note that in terms of the SEBI (Foreign Portfolio Investors) Regulations, 2014 (“SEBI FPI Regulations”), foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995.

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on April 22, 2017 pursuant to Section 62 of the Companies Act, 2013.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to those existing equity shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of the Rights Issue in respect of the Equity Shares held in the electronic form and on the register of members in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange. The basis of allotment for the Rights Equity Shares shall be fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder as on the Record Date, i.e., [●], you are entitled to the number of Rights Equity Shares as set out in Part A of the CAFs.

Pursuant to a resolution passed by the Board of our Company at its meeting held on [●], has determined a Rights Entitlement of [●] Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date and a price of [●] per Rights Equity Share as the Issue Price.

The distribution of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, CAFs and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Equity Shares on a rights basis to the Equity Shareholders and the Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

Persons who may acquire Rights Entitlements or come into possession of the Letter of Offer or Abridged Letter of Offer or CAF are advised to consult their own legal advisors as to restrictions applicable to them and to observe such restrictions. The Letter of Offer may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been or will be taken that would permit the offering of the Rights Equity Shares or Rights Entitlements pursuant to the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Letter of Offer or CAF in any jurisdiction where action for such purpose is required. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or CAF may not be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with applicable law and procedures of and in any such jurisdiction. Recipients of the Letter of Offer, the Abridged Letter of Offer or the CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer section titled “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 137.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE

Face Value

Each Equity Share will have the face value of ₹ 2.

Issue Price

Each Rights Equity Share shall be offered at an Issue Price of ₹ [●] for cash at a premium of ₹ [●] per Rights Equity Share. The Issue Price has been arrived at by us in consultation with Inga Capital Private Limited, Lead Manager.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date.

Terms of Payment

The full amount of Issue Price is payable on Application.

Fractional Entitlements

The Right Equity Shares are being offered on a rights basis to the existing Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Equity Shareholders is less than [●] Equity Shares or is not in a multiple of [●] Equity Shares, as on Record Date, the fractional entitlement of such Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Equity Shareholders whose fractional entitlements are being ignored will be given preference in the allotment of one additional Equity Share each, if such Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement.

Also, those Equity Shareholders holding less than [●] Equity Shares, as on Record Date and therefore entitled to 'Zero' Equity Shares under the Issue shall be dispatched a CAF with 'Zero' entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares and would be given preference in the allotment of one additional Rights Equity Share if, such Equity Shareholders have applied for the additional Equity Shares. However, they cannot renounce the same to third parties. CAFs with zero entitlement shall be non-negotiable/ non – renounceable.

Ranking of the Equity Shares

The Rights Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under the Issue shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares, provided that voting rights and dividend payable shall be in proportion to the paid-up value of Equity Shares held. In terms of Article 35 of the Articles of Association, money paid in advance of calls shall not confer a right to dividend or participation in profits of our Company.

Mode of payment of dividend

In the event of declaration of dividend, we shall pay dividend to Equity Shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

Listing and trading of Equity Shares proposed to be issued

Our existing Equity Shares are currently listed and traded on BSE (Scrip Code: 532613) and the NSE (Symbol: VIPCLOTHNG) under the ISIN – INE450G01024.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Rights Equity Shares shall be traded on Stock Exchanges in the demat segment only.

We have made an application for “in-principle” approval for listing of the Rights Equity Shares to the BSE and the NSE and have received such approval from the BSE and the NSE pursuant to the letter numbers [●] and [●], dated [●] and [●], respectively. We will apply to the BSE and the NSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchanges. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be allotted pursuant to the Issue shall be taken as soon as possible from the finalisation of the basis of allotment but not later than 7 working days of finalization of basis of allotment. The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and the NSE under the existing ISIN for Equity Shares.

Rights of the equity shareholder

Subject to applicable laws, the equity shareholders shall 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 in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for the Equity Shares in dematerialised mode is one. In case an Equity Shareholder holds Equity Shares in physical form, we would issue to the allottees a Consolidated Certificate. In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week's time from the receipt of the request in respect thereof. We shall not charge a fee for splitting any of the Consolidated Certificates.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the Application Form would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares. In case such Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

Nomination

In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at our Registered Office or such other person at such addresses as may be notified by us. The Investor can make the nomination by filling in the relevant portion of the CAF.

In terms of Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Equity Shares that may be allotted in the Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with respective Depository Participant ("DP") of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform their respective DP.

Offer to Non Resident Eligible Equity Shareholders/ Investors

Applications received from NRs for Equity Shares under the Issue shall be *inter alia*, subject to the conditions laid down in the RBI approval and the conditions imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ allotment advice/ share certificates, payment of interest and dividends. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

Our Board of Directors may, at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Issue. The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.

Notices

All notices to the Equity Shareholder(s) required to be given by us shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state where our registered office is located and/ or will be sent by ordinary post/ registered post/ speed post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders, from time to time. However, the distribution of the Letter of Offer / Abridged Letter of Offer/CAF and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Subscription by the Promoters

Our Promoters have, by way of their letter dated July 21, 2017 undertaken on their behalf and on behalf of other members of Promoter and Promoter Group to subscribe to their Rights Entitlement in full in the Issue either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- through subscription in part or full and/or application for additional shares; and/or
- by renouncing their Rights Entitlement in part or full.

Our Promoters on their behalf and on behalf of other members of Promoter and Promoter Group have also confirmed that they intend to either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- subscribe to additional Equity Shares; and
- subscribe for unsubscribed portion in the Issue, if any, such that at least minimum subscription of 90% of the Issue is achieved.

Further, Our Promoters and Promoter Group reserve the right either through themselves or through underwriters and /or investors to additionally subscribe for any unsubscribed portion over and above minimum subscription in order to achieve full subscription in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion, if any, may be subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Procedure for Application

The CAF for Rights Equity Shares offered as a part of the Issue would be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by them, they may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with us, the application is liable to be rejected.

Please note that neither the Company, nor the Lead Manager nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit. Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilize the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholders violates any of these requirements, they shall face the risk of rejection of both applications.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors must mandatorily make use of ASBA facility.

All QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 2 Lakhs can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 2 Lakhs can participate in the Issue either through the ASBA process or the non ASBA process.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Equity Shareholder being an erstwhile OCB is required to obtain prior approval from RBI for applying in the Issue.

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares offered as a part of the Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by Renouncee(s);
- Part D: Form for request for split Application forms.

Options available to the Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that Equity Shareholder is entitled to. An Eligible Equity Shareholder can:

- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement of Rights Equity Shares in part (without renouncing the other part);
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares, either in full or in part without renouncing the balance by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Banker(s) to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard. Investors at centres not covered by the branches of the Banker(s) to the Issue can send their CAFs together with the cheque drawn at par on a local bank at [●] demand draft payable at Mumbai to the Registrar to the Issue by registered post / speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither the Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please see the headings “*Mode of Payment for Resident Equity Shareholders/ Investors*” and “*Mode of Payment for Non-Resident Equity Shareholders/ Investors*” on page 130 and 130, respectively.

Additional Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “*Terms of*

the Issue” on page 117.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the total number of Rights Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that we shall not Allot and/ or register the Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) (partners of the partnership firm are eligible for allotment of Rights Equity Shares if they have applied for the same in their individual capacity as partners of such firm) or their nominee(s), minors other than who have a valid beneficiary account, as per demographic details provided by Depositories, HUF (karta of a HUF are eligible for allotment of Rights Equity Shares if they have applied for the same on behalf of or for the benefit of the HUF), any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States, or to, or for the account or benefit of a “U.S. Person” (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation other than as stated above is subject to the renouncer(s)/renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF or SAF. In case of Applications which are not accompanied by the aforesaid approvals, our Board reserves the right to reject such CAF or SAF.

The RBI has, pursuant to a letter dated [●] (the “**RBI Letter**”), has conveyed its no-objection to renunciation of Rights Entitlement by the following:

[●]

Renunciations by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of erstwhile OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of erstwhile OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the erstwhile OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker(s) to the Issue at its collecting

branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the fact of renouncement to the person(s) applying for Equity Shares in Part 'C' of the CAF for the purposes of Allotment of such Equity Shares. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renouncees without assigning any reason thereof.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/ or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under the Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with us/ Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to any of the collection branches of the Banker(s) to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/ or introduction of additional holders

If you wish to apply for the Equity Shares jointly with any other person(s), not more than three (including you), who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non- ASBA process only to be considered valid for allotment. Please also see section titled "*Terms of the Issue*" on page 117.

APPLICATIONS FOR NON-ASBA INVESTORS

Eligible Equity Shareholders who are eligible to apply under the Non – ASBA process

The option of applying for Equity Shares through non – ASBA process is available only to Eligible Equity

Shareholders whose application amount does not exceed ₹ 2 Lakhs as well as Renouncees. **All Applicants who are QIBs and Non – Institutional Investors can apply in the Issue only through the ASBA process.**

Instructions for Options for Non-ASBA Investors

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

Sr. No.	Option Available	Action Required
(i)	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign in the same sequence)
(ii)	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (All joint holders must sign in the same sequence)
(iii)	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)	Fill in and sign Part D (all joint holders must sign in the same sequence) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.
	OR	On receipt of the SAF take action as indicated below.
	Renounce your Rights Entitlement of all the Rights Equity Shares offered to you to more than one Renouncee	For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
(iv)	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign)
(v)	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Options iii, iv and v will not be available for Equity Shareholders applying through ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof, and one SAF for the balance Rights Equity Shares, if any.
- Request by the Equity Shareholder for the SAF(s) should reach the Registrar on or before last date for receiving request for SAF(s).

- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAF(s). Forms once split cannot be split further.
- SAFs will be sent to the Equity Shareholder(s) by post at the applicant's sole risk.
- Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the United States or to or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker(s) to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of the Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Rights Equity Shares, subsequent issue and allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque / demand draft.
- The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in reduced frequency i.e. once a week. This may have an impact on timelines for the issuance of final certificate by Escrow Collection Bank. Hence, the CAFs accompanied with non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Equity Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 7 days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications.

Neither the Registrar nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with account payee cheque/pay order / demand draft drawn on a bank (after deducting bank and postal charges) payable at Mumbai which should be drawn in favour of "[●]– **Rights Issue - R**" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "[●]– **Rights Issue - NR**" in case of non-resident shareholders applying on

repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed “[●]– **Rights Issue - R**” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and “[●]– **Rights Issue – NR**” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being VIP Clothing Limited;
- Name and Indian address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Rights Equity Share;
- Particulars of cheque/ demand draft;
- Savings/ Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form (Rights Equity Shares will be allotted in physical form only if the Equity Shares held on the Record Date i.e. [●] are in the physical form);
- If the payment is made by a draft purchased from NRE/ FCNR/ NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records / Depositories; and
- For ASBA Investors, application on plain paper should have details of their ASBA Account.
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be,

registered under the United States Securities Act of 1933 (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”) or to, or for the account or benefit of a “U.S. Person” as defined in Regulation S under the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or a “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the United States, (ii) am/ are not a “U.S. Person” as defined in Regulation S, and (iii) am / are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, their representatives, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. We shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Manager and its Directors.

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

The plain paper application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. The Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date,

If the CAF together with the amount payable is not received by the Banker(s) to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board or any authorised committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board or any authorised committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under section titled “*Terms of the Issue*” on page 117.

Mode of payment for Resident Equity Shareholders/ Investors

- All cheques/ drafts accompanying the CAF should be drawn in favour of “[●]– Rights Issue - R” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue ;
- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft/cheque for the full application amount, net of bank and postal charges favouring the Banker(s) to the Issue, crossed ‘A/c Payee only’ and marked “[●] – Rights Issue - R” payable at Mumbai directly to the Registrar to the Issue by registered post/speed post so as to reach them on or before the Issue Closing Date. We, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident Equity Shareholders/ Investors, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can also obtain application forms from the following address:

Link Intime India Private Limited

C-101, 247 Park,

Lal Bahadur Shastri Marg,

Vikhroli West, Mumbai 400 083

Telephone: +91 22 49186000

Fax: +91 22 49186060

Email: vipclothing.rights@linkintime.co.in

Website: www.linkintime.co.in

Investor Grievance Email: vipclothing.rights@linkintime.co.in

Contact Person: Mr. Sumeet Deshpande

SEBI Registration Number: INR000004058

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker(s) to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges, and marked “[●] – Rights Issue - R”

payable at Mumbai in case of non-resident shareholders applying on non-repatriable basis and in favour of “[●] – **Rights Issue - NR**” payable at Mumbai in case of non-resident shareholders applying on repatriable basis directly to the Registrar to the Issue by registered post/speed post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

- Payment by non-residents must be made by demand draft payable at Mumbai / cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance;
- By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai;
- FII/FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- Non-resident investors applying with repatriation benefits should draw cheques/ drafts in favour of “[●]– **Rights Issue - NR**” and must be crossed ‘account payee only’ for the full application amount;
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of “[●]– **Rights Issue – R**” and must be crossed ‘account payee only’ for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the

investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the I.T. Act.

- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

General instructions for non-ASBA Investors

- i. Please read the instructions printed on the CAF carefully.
- ii. Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application Money does not exceed ₹ 2 Lakhs may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- iii. Application should be made on the printed CAF, provided by us except as mentioned under the head “*Application on Plain Paper*” on page 139 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Draft Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father’s/ husband’s name must be filled in block letters.
- iv. Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board in this regard. The CAF together with the cheque/ demand draft should be sent to the Banker(s) to the Issue/ collecting bank or to the Registrar to the Issue and not to us or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker(s) to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post / speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected. **CAF’s received after banking hours on closure day will be liable for rejection.**
- v. Applications where separate cheques/ demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stock invest are liable to be rejected.
- vi. Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/ her PAN allotted under the I.T. Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- vii. Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/ current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

- viii. All payment should be made by cheque/ demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- ix. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with us/ Depositories.
- x. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under the Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and/ or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with us, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker(s) to the Issue.
- xi. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with us or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- xii. Application(s) received from NRs/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/ NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- xiii. All communication in connection with application for the Rights Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in the Issue quoting the name of the first/ sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to our Registrar and Share Transfer Agent, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- xiv. SAFs cannot be re-split.
- xv. Only the Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.
- xvi. Investors must write their CAF number at the back of the cheque/ demand draft.
- xvii. Only one mode of payment per application should be used. The payment must be by cheque/ demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- xviii. A separate cheque/ draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and applications accompanied by such outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.

- xix. No receipt will be issued for application money received. The Banker(s) to the Issue/ collecting bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- xx. The distribution of the Letter of Offer and issue of Rights Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Rights Equity Shares.
- xxi. Investors are requested to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- xxii. The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in reduced frequency i.e. once a week. This may have an impact on timelines for the issuance of final certificate by Escrow Collection Bank. Hence, the CAFs accompanied with non-CTS cheques could get rejected.
- xxiii. Please note that Indian address has to be mentioned on the CAF or plain paper application. CAF or plain paper application with only foreign addresses shall be rejected. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.
- xxiv. Please do not apply in case you have been debarred by SEBI from accessing capital markets whether directly or indirectly. In the event that any past order passed by either SEBI or any other regulatory authority debarring you from accessing the capital markets has been revoked by any subsequent order, we request you to kindly attach a copy of such subsequent order along with the CAF.
- xxv. CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the United States or restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your depository participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialized form only;
- Ensure that your Indian address is available to us and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- Ensure that the value of the cheque/ draft submitted by you is equal to the {(number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be)}, net of bank and postal charges before submission of the CAF. Investors residing at places other than cities where the branches of the Banker(s) to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges;
- Ensure that you receive an acknowledgement from the collection branch of the Banker(s) to the Issue for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.
- If you are Non Resident Renouncee, who is not an Equity Shareholder, ensure that you apply only in compliance with conditions set out under paragraph titled “*RBI Approval for Renunciation*” at page 106.

Don'ts for non-ASBA Investors:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker(s) to the Issue;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;
- Do not apply if you are Non Resident Individual Renouncee and not an Equity Shareholder of the Company as on the Record Date unless you are eligible to participate in compliance with conditions set out under paragraph titled “*RBI Approval for Renunciation*” at page 106.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs;
- Age of first applicant (s) not given (in case of Renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for Renouncee(s) if the signature does not match with the records available with their Depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/ joint Investors;

- CAFs/ SAFs by erstwhile OCBs not accompanied by a copy of an RBI approval to apply in the Issue;
- CAFs accompanied by Stock invest/ outstation cheques / post-dated cheques / money order/ postal order/ outstation demand draft;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States or other restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered address in India has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- CAFs submitted by Renouncees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except Application by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications from QIBs, Non-Institutional Investors (including applications for less than ₹ 2 Lakhs) or Investors applying in the Issue for Equity Shares for an amount exceeding ₹ 2 Lakhs, not through ASBA process.
- Failure to mention an Indian address in the Application. Application with only foreign address shall be liable to be rejected.
- If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- Application by Non Resident Renouncees, who are not Equity Shareholder of the Company on the Record Date, shall be rejected save and except when such application is in compliance with conditions set out under paragraph titled "*RBI Approval for Renunciation*" at page 106.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, we, our directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are (i) QIBs, (ii) Non-Institutional Investors or (iii) other applicants whose application amount exceeds ₹ 2 Lakhs can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI Circular dated December 30, 2009. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 2 Lakhs can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on www.sebi.gov.in and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

To qualify as ASBA Applicants, Eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;

- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA will have to select for this ASBA mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors or any committee thereof in this regard.

Mode of payment

The Eligible Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of instructions from the Registrar, the SCSBs shall transfer amount to the extent of Rights Equity Shares allotted in the Rights Issue as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount blocked shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of the SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process.

A Retail Individual Investor applying for a value of up to ₹ 2 Lakhs, can participate in the Issue either through the ASBA process or non-ASBA process

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF (All joint holders must sign)
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

The Eligible Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the designated branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Additional Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for the Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue*” on page 117.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be superscribed “[●] – Rights Issue- R” or “[●] – Rights Issue- NR”, as the case may be. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us or the Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, VIP Clothing Limited;
- Name and Indian address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be paid at the rate of ₹ [●] per Rights Equity Share
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity), PAN of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

*“I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933 (the “**US Securities Act**”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States” or to or for the account or benefit of a “U.S. Person” as defined in Regulation S under the US Securities Act (“**Regulation S**”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that neither the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who, the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is, a resident of the United States or a “U.S. Person” (as defined in Regulation S,) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to

whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the United States, (ii) am/ are not a "U.S. Person" as defined in Regulation S, and (iii) am / are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, their representative affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

The plain paper application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Option to receive Equity Shares in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Equity Shareholders applying under the ASBA Process

- Please read the instructions printed on the CAF carefully.
- Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer and the Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- The CAF/ plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose ASBA Account/ bank account details are provided in the CAF/plain paper application and not to the Banker(s) to the Issue/ collecting banks (assuming that such collecting bank is not a SCSB), to us or Registrar or Lead Manager to the Issue.

- All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/ her PAN allotted under the I.T. Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.
- All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/ or Depositories.
- In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository/ us. In case of joint applicants, reference, if any, will be made in the first applicant’s name and all communication will be addressed to the first applicant.
- All communication in connection with application for the Rights Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in the Issue quoting the name of the first/ sole applicant Equity Shareholder, folio numbers and CAF number.
- Only the person or persons to whom the Rights Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- Only the Equity Shareholders holding Equity Shares in demat are eligible to participate through ASBA process.
- Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investor and other applicants whose application amount exceeds ₹ 2 Lakhs can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investors. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 2 Lakhs can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.
- Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with

the applicable regulations.

- In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper*” on page 139.
- Please note that Indian address has to be mentioned on the CAF or plain paper application. CAF or plain paper application with only foreign addresses shall be rejected.
- Please do not apply in case you have been debarred by SEBI from accessing capital markets whether directly or indirectly. In the event that any past order passed by either SEBI or any other regulatory authority debarring you from accessing the capital markets has been revoked by any subsequent order, we request you to kindly attach a copy of such subsequent order along with the CAF.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the United States or restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations

Do’s:

- Ensure compliance with eligibility conditions prescribed under the SEBI circular dated December 30, 2009.
- Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- Apply under ASBA process only if you comply with the definition of an ASBA Investor.

Dont's:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order, by pay order or by postal order.
- Do not send your physical CAFs to the Lead Manager to Issue/ Registrar/ Collecting Banks (assuming that such Collecting Bank is not a SCSB)/ to a branch of the SCSB which is not a Designated Branch of the SCSB/ Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has already been used for five Eligible Equity Shareholders.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejections under the ASBA Process

In addition to the grounds listed under “*Grounds for Technical Rejections for non-ASBA Investors*”, applications under the ASBA Process are liable to be rejected on the following grounds:

- Application on a SAF by a person who has renounced or by a renouncee.
- Application for allotment of Rights Entitlements or additional Equity Shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Submission of an ASBA application on plain paper to a person other than a SCSB.
- Sending CAF to a Lead Manager/ Registrar/ Collecting Bank (assuming that such Collecting Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Company.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details have been mentioned in the CAF / Plain Paper Application having been frozen pursuant to regulatory order.
- ASBA Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the United States or restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/ dispatched from a restricted jurisdiction or executed by or for the account or benefit of a U.S. Person (as defined in Regulation S).
- Renouncees applying under the ASBA Process.

- Submission of more than five CAFs per ASBA Account.
- QIBs, Non-Institutional Investors and other Equity Shareholders who are eligible ASBA Investors (as per conditions of the SEBI circular dated December 30, 2009) applying for Equity Shares in the Issue for value of more than ₹ 2 Lakhs holding Equity Shares in dematerialised form and not renouncing or accepting Equity Shares from an Eligible Equity Shareholder, not applying through the ASBA process.
- QIB applicants and Non-Institutional Investors making an application of below ₹ 2 Lakhs and not applying through the ASBA process subject to their fulfilling the eligibility conditions to be an ASBA Investor.
- The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2 Lakhs but has applied separately through split CAFs of less than ₹ 2 Lakhs and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR number instead of the PAN.
- An investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- ASBA Application by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.
- Failure to mention an Indian address in the Application. Application with only foreign address shall be liable to be rejected.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

Depository account and bank details for Equity Shareholders applying under the ASBA Process.

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity

Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Equity Shareholders. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of us, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	[●]
Last date for request for SAFs:	[●]
Issue Closing Date:	[●]
Finalisation of basis of allotment with the Designated Stock Exchange	On or about [●]
Date of Allotment	On or about [●]
Initiation of Refunds	On or about [●]
Credit of Rights Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of Rights Equity Shares on the Stock Exchanges	On or about [●]

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and / or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in the Draft Letter of Offer, the Letter of Offer, the Articles of Association and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (i) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (ii) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Share. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than number of Rights Equity Shares available after Allotment under (i) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange, as a part of Issue and will not be a preferential allotment.
- (iii) Allotment to the Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an unsubscribed portion after making full Allotment in (i) and (ii) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board/ Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (iv) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (i), (ii) and (iii) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board/ Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (v) Allotment to any other person that the Board of Directors in their absolute discretion decide after taking into account Allotment to be made under (i) to (iv) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Our Promoters have, by way of their letter dated July 21, 2017 undertaken on their behalf and on behalf of other members of the Promoter and Promoter Group to subscribe to their Rights Entitlement in full in the Issue either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- through subscription in part or full and/or application for additional shares; and/or
- by renouncing their Rights Entitlement in part or full.

Our Promoters on their behalf and on behalf of other members of Promoter and Promoter Group have also confirmed that they intend to either through themselves or through other members of the Promoter and Promoter Group or through underwriters and /or investors:

- subscribe to additional Equity Shares; and
- subscribe for unsubscribed portion in the Issue, if any, such that at least minimum subscription of 90% of the Issue is achieved.

Further, Our Promoters and Promoter Group reserve the right either through themselves or through underwriters and /or investors to additionally subscribe for any unsubscribed portion over and above minimum subscription in order to achieve full subscription in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion,

if any, may be subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Underwriting

Our Company has currently not entered into any underwriting arrangement. We may enter into such an arrangement for the purpose of the Issue at an appropriate time and on such terms and conditions as we may deem fit. In the event our Company enters into such an arrangement, which shall be done, prior to the filing of the Letter of Offer with the Designated Stock Exchange, we shall disclose the details of the underwriting arrangement in the Letter of Offer as required under the SEBI ICDR Regulations.

Allotment Advices/ Refund Orders

Our Company will issue and dispatch allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. .

Investors residing at centres where clearing houses are managed by the Reserve Bank of India ("RBI"), payment of refund would be done through NACH and for applicants having an account at any of the centres where such facility has been made available to get refunds through direct credit and real time gross settlement ("RTGS").

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post/speed post/registered post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within two months from the date of Allotment thereof or such extended time as may be approved by the under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's registered address in India or the Indian address provided by the Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

As regards allotment/refund to Non-residents, the following further conditions shall apply:

In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF/plain paper application. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The

Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non Resident Shareholders or Investors.

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

- i. **NACH** – This is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS”
- ii. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- iii. **RTGS** – If the refund amount exceeds ₹ 2 Lakhs, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- iv. **Direct Credit** – Investors having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
- v. For all other Investors, the refund orders will be despatched through speed post/ registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Investor and payable at par.
- vi. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force and are permitted by the SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF/ plain paper application.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice/ Share Certificates/ Demat Credit

Allotment advice / share certificates / demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates. In case our Company issues allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Option to receive Rights Equity Shares in Dematerialized Form

Investors shall be allotted the Rights Equity Shares in dematerialized (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and the Registrar to the Issue on April 22, 2004 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Registrar to the Issue on September 22, 2004 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In the Issue, the allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/ or dematerialized form should be made.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in our records. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
- For Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of the Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.

- The Rights Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Rights Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Investment by FPIs, FIIs and QFIs

On January 7, 2014, the SEBI FPI Regulations were notified by SEBI pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'.

Under the SEBI FPI Regulations, purchase of equity shares by an FPI or an investor group should be below 10% of the total issued capital of an Indian company.

However, portfolio investments by FIIs are also governed by RBI under FEMA and RBI has not yet notified the corresponding amendments to regulations under FEMA. Under the FEMA regulations, no single FPI can hold more than 10% of the paid up capital of an Indian company and the total equity share holding of all FPIs put together in a company is subject to a cap of 24% of the paid up capital of the company. The aggregate limit of 24% can be increased up to the applicable sectoral cap by passing a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company. Our Company has not passed any resolution for increasing the limit and accordingly, no single FPI can hold more than 10% of the paid up capital of our

Company and the total equity share holding held by all FPIs in our Company cannot exceed 24%.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category III FPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 Lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3) (i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in restricted jurisdictions.

Only Applications accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and applying on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their Non-Resident External ("NRE") or Foreign Currency Non-Resident ("FCNR") accounts, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs applying on a repatriation basis are advised to use the CAF meant for Non-Residents, accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Applications by non-resident Applicants Applying on a repatriation basis will not be accepted out of Non-Resident Ordinary ("NRO") accounts.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 Lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 Lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 Lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 Lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“**SEBI VCF Regulations**”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue.

Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Impersonation

As a matter of abundant caution, attention of the Investors 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 makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in the Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by us. However, the Banker(s) to the Issue/ Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping

and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Applicant within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board declares that:

1. all the moneys received out of the Issue, pursuant to an offer document shall be transferred to a separate bank account;
2. details of all monies utilised out of the Issue referred to in sub-item (a) shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised;
3. details of all unutilised monies out of the Issue, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested;
4. We shall not have recourse to the Issue proceeds until the basis of allotment is approved by the Designated Stock Exchange.

Undertakings by the Company

The Company undertakes the following:

1. the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
2. all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the equity shares are to be listed will be taken within seven working days of finalization of basis of allotment;
3. funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in the draft letter of offer and letter of offer shall be made available to the Registrar to the Issue by the Company;
4. where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the issue closing date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of allotment;
6. Except Equity Shares that may be allotted pursuant to exercise of options under ESOS 2016, no further issue of securities shall be made till the securities offered through this offer document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;

7. at any given time there shall be only one denomination for the Equity Shares of our Company;
8. our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time;
9. that the certificates of the securities or refund orders to the nonresident Indians shall be despatched within specified time.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Important

- Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with the Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed '[●] -Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Link Intime India Private Limited

C-101, 247 Park,

Lal Bahadur Shastri Marg,

Vikhroli West, Mumbai 400 083 **Telephone:** 022-49186000

Fax: 022-49186060

Email: vipclothing.rights@linkintime.co.in

Website: www.linkintime.co.in

Investor Grievance Email: vipclothing.rights@linkintime.co.in

Contact Person: Mr. Sumeet Deshpande

SEBI Registration Number: INR000004058

It is to be specifically noted that the Issue of Rights Equity Shares is subject to the risk factors mentioned in section titled "Risk Factors" on page 9.

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by us) which are or may be deemed material have been entered into by us.

The contracts together with the documents referred to in para (B) below may be inspected at the Registered Office of the Company between 10.00 a.m. to 5.00 p.m. on any working day from the date of the Draft Letter of Offer until the closure of the subscription list.

A. Material contracts for inspection

1. Issue Agreement dated July 28, 2017 between the Company and Inga Capital Private Limited, Lead Manager to the Issue
2. Agreement dated July 18, 2017 between the Company and Registrar to the Issue.
3. Banker(s) to the Issue Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Escrow Collection Bank(s).
4. Tripartite Agreement dated April 22, 2004 between our Company, the Registrar to the Issue and NSDL.
5. Tripartite Agreement dated September 22, 2004 between our Company, the Registrar to the Issue and CDSL.

B. Material documents for inspection

1. Certified true copy of the Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of Incorporation dated January 14, 1991 issued by the Registrar of Companies, Maharashtra.
3. Fresh certificate of incorporation consequent on change of name dated March 22, 1991 issued by Additional Registrar of Companies, Maharashtra.
4. Certificate of change of name dated December 28, 1992 issued by Registrar of Companies, Maharashtra.
5. Fresh certificate of incorporation consequent on change of name dated April 27, 2000 issued by Deputy Registrar of Companies, Maharashtra.
6. Certificate of incorporation pursuant to change of name dated October 19, 2016 issued by Registrar of Companies, Mumbai.
7. Resolution of the Board of Directors under section 62(1) (a) of Companies Act, 2013 passed in its meeting dated April 22, 2017 authorising the Issue.
8. Consents of the Directors, Chief Financial Officer and Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager to the Issue, Legal Advisor to the Issue, Legal Advisor to the Company and Registrar to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.
9. Annual reports of the Company for Fiscals 2016, 2015, 2014 and 2013 and audited financial statements for Fiscal 2017
10. Certified copy of the offer for sale document dated March 1, 1993 issued by the Company for listing of equity shares on OTC Exchange of India.
11. Policy to define the materiality requirement for a company to be considered as a Group Company of our

Company adopted by the Board of Directors of our Company on May 11, 2017.

12. The Report of the Auditors being, M/s. Sharp & Tannan, Chartered Accountants, as set out therein dated May 11, 2017 in relation to our audited financial information.
13. Certificate dated July 22, 2017 obtained from the Auditors being, M/s. Sharp & Tannan, Chartered Accountants, certifying the estimated working capital requirements of our Company.
14. Certificate dated July 28, 2017 issued by Marmik D. Patel, Practising Company Secretary confirming eligibility to undertake the Issue under Part E of Schedule VIII of the SEBI ICDR Regulations.
15. Statement of tax benefits dated July 22, 2017, issued by M/s. Sharp & Tannan, Chartered Accountants, as set out in the Draft Letter of Offer.
16. Due Diligence Certificate dated July 28, 2017 by Inga Capital Private Limited, Lead Manager to the Issue.
17. In-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively.
18. Observation letter no. [●] dated [●] received from SEBI.
19. Letter issued by RBI in relation to the renunciation of the Rights Entitlement i.e. letter no. [●] dated [●].

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time, if so required, in our interest or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in the Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in the Draft Letter of Offer are true and correct.

Signed by the Directors of our Company

Name	Signature
Mr. Sunil J. Pathare Chairman & Managing Director	Sd/-
Mr. Kapil J. Pathare Whole - Time Director	Sd/-
Mrs. Meher Castelino Non - Executive and Independent Director	Sd/-
Mr. Robin Banerjee Non - Executive and Independent Director	Sd/-
Mr. Gopal Sehgal Non - Executive and Independent Director	Sd/-
Mr. Chetan Dolatrai Sheth Non - Executive and Independent Director	Sd/-

Sd/-

Mr. Yogesh Tiwari
Chief Executive Officer

Sd/-

Mr. Ashish Mandaliya
Chief Financial Officer and Company Secretary

Sd/-

Mr. Devendra Vyas
Chief Finance Controller

Date: July 28, 2017

Place: Mumbai