



## MANDHANA INDUSTRIES LIMITED

(Our Company was originally incorporated at Mumbai on July 25, 1984 as "Mandhana Textile Mills Private Limited" under the Companies Act, 1956, with registration number 11-33553 of 1984. With effect from July 1, 1993, our Company was converted into a deemed public limited company under Section 43A of the Companies Act, 1956. On April 18, 1995 the name of our Company was changed from "Mandhana Textile Mills Limited" to "Mandhana Industries Limited". On March 27, 2002, pursuant to Section 43A (2A) of the Companies Act, 1956, our Company was converted from a deemed public limited company to a private limited company whereby the name of our Company was changed to "Mandhana Industries Private Limited". On May 15, 2007, our Company was further converted into a public limited company and the name of our Company was changed to "Mandhana Industries Limited". Our Corporate Identity Number is U17120MH1984PLC033553.)

**Registered Office:** Plot number C-3, MIDC, Tarapur Industrial Area, Boisar, Thane-401 506, Maharashtra, India. **Tel No.:** +91-2525-272228/29; **Fax No.:** +91-2525-260251 (For details of changes in our Registered Office, please refer to the chapter titled "History and Other Corporate Matters" beginning on page no. 129 of this Red Herring Prospectus); **Corporate Office:** 205/214, Peninsula Centre, Dr. S.S. Rao Road, Off Dr. Ambedkar Road, Parel (East), Mumbai – 400 012, Maharashtra, India. **Tel No.:** + 91-22-4353 9191; **Fax No.:** + 91-22-4353 9218; **E-mail:** ipo@mandhana.com; **Website:** www.mandhana.com;

**Contact Person:** Mr. Vinay Sampat, Company Secretary and Compliance Officer

**Promoters of our Company:** Mr. Purushottam Mandhana, Mr. Biharilal Mandhana, Mr. Manish Mandhana, Mr. Priyavrat Mandhana and Purushottam Mandhana (HUF).

### THE ISSUE

**PUBLIC ISSUE OF 83,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [•] PER EQUITY SHARE) FOR CASH AGGREGATING RS. [•] LACS (THE "ISSUE"). THE ISSUE OF EQUITY SHARES WILL CONSTITUTE 25.06% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.**

**PRICE BAND: RS. [•] TO RS. [•] PER EQUITY SHARE OF FACE VALUE RS. 10/-**

**THE FACE VALUE OF EQUITY SHARES IS RS.10. EACH.**

**THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DETERMINED BY THE COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.**

In case of revision in the Price Band, the Bidding / Issue Period shall be extended for three additional working days after such revision, subject to the Bidding / Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding / Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and the terminals of the member(s) of the Syndicate.

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% (excluding Anchor Investor Portion) shall be available for Allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation to the QIB bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. The QIB portion includes Anchor Investor portion as defined in the section titled "Definitions and Abbreviations" on page i of this Red Herring Prospectus and our company may consider participation by Anchor Investors in the Issue for upto 12,45,000 Equity Shares in accordance with the applicable SEBI (ICDR) Regulations. Further, not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first Issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares is Rs.10/- and the Issue Price is [•] times of the face value at the lower end of the Price Band and [•] times of the face value at the higher end of the Price Band. The Issue Price (has been determined and justified by our Company, in consultation with the Book Running Lead Managers as stated in chapter titled "Basis of Issue Price" beginning on page 61 of the Red Herring Prospectus) should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares 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 this Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page xi of this Red Herring Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares of our Company offered through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). We have received in-principle approval from the BSE pursuant to letter dated November 05, 2009 and NSE pursuant to letter dated November 30, 2009 for the listing of our Equity Shares. BSE is the Designated Stock Exchange for this Issue.

### IPO GRADING

The Issue has been graded by CRISIL Limited and has been assigned "IPO Grade 3/5" (pronounced "three on five") vide letter dated November 17, 2009 and revalidated vide letter dated March 18, 2010, indicating "average fundamentals". The Issue Grading is assigned on a five point scale from 1 to 5 with "IPO Grade 5" indicating strong fundamentals and "IPO Grade 1" indicating poor fundamentals. The Issue has not been graded by any other rating agency. For further details, see the Chapter titled "General Information" on page 12 of this Red Herring Prospectus.

### BOOK RUNNING LEAD MANAGERS

### REGISTRAR TO THIS ISSUE

		<p>(Formerly INTIME SPECTRUM REGISTRY LTD.)</p>
<p><b>Edelweiss Capital Limited</b> 14<sup>th</sup> Floor, Express Towers Nariman Point, Mumbai – 400 021. <b>Tel. No.:</b> +91 22 4086 3535 <b>Fax No.:</b> +91 22 4086 3610 <b>E-mail:</b> mandhana.ipo@edelcap.com <b>Investor Grievance ID :</b> customerservice.mb@edelcap.com <b>Website:</b> www.edelcap.com <b>Contact Person:</b> Ms. Dipti Samant/Mr. Viral Shah <b>SEBI Registration Number:</b> INM0000010650</p>	<p><b>Axis Bank Limited</b> Central Office, Maker Tower F, 11th Floor, Cuffe Parade, Colaba, Mumbai – 400 005 Maharashtra, India <b>Tel:</b> +91 22 6707 2217 <b>Fax:</b> +91 22 6707 1264 <b>Email:</b> project.mandhana@axisbank.com <b>Investor Grievance ID:</b> axbmbd@axisbank.com <b>Website:</b> www.axisbank.com <b>Contact Person:</b> Mr. Rohit Shrivastava <b>SEBI Registration Number:</b> INM000006104</p>	<p><b>Link Intime India Private Limited</b> C -13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078 <b>Tel. No.:</b> +91 22 2596 0320 <b>Fax No.:</b> +91 22 2596 0329 <b>Email:</b> mandhana.ipo@linkintime.co.in <b>Website:</b> www.linkintime.co.in <b>Contact Person:</b> Mr. Sachin Achar <b>SEBI Registration Number:</b> INR000004058</p>

### ISSUE PROGRAMME\*

<b>BID / ISSUE OPENS ON</b>	<b>APRIL 27, 2010</b>	<b>BID / ISSUE CLOSES ON</b>	<b>APRIL 29, 2010</b>
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\* The Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date

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## SECTION I – DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

Term	Description
“MIL”, “the Company”, “our Company”, “Mandhana Industries Limited”, “Mandhana”, “Issuer”, “we”, “us” or “our”	Unless the context otherwise requires, refers to Mandhana Industries Limited, a public limited company incorporated under the Companies Act, 1956 having its registered office at Plot number C-3, MIDC, Tarapur Industrial Area, Boisar, Thane-401 506, Maharashtra, India..
“our Promoters”	Unless the context otherwise requires, refers to Mr. Purushottam Mandhana, Mr. Biharilal Mandhana, Mr. Manish Mandhana, Mr. Priyavrat Mandhana and Purushottam Mandhana (HUF).
“Promoter Group”	Ms. Prema Mandhana, Ms. Sudha Mandhana, Ms. Sangeeta Mandhana, Mr. Vinay Mandhana, Biharilal Mandhana (HUF), Manish Mandhana (HUF), Master Arnav Mandhana, Ms. Muskaan Mandhana, Ms. Poorvi Jithalia, Ms. Preeti Daga, Ms. Kamlabai Rathi, Ms. Tulsibai Chandak, Ms. Bhagwati Chandak, Ms. Chanda Jaju, Ms. Mangala Somani, Ms. Shakuntala Dargad, Ms. Archana Seth
“our Group Entities”	Unless the context otherwise requires, refers to Sundhya Chhaya Finvest Private Limited; Ashlesha Finvest Private Limited; Dhumketu Finvest Private Limited; Mahan Synthetic Textiles Private Limited; Golden Seam Textiles Private Limited and M/s Balaji Corporation.
“you”, “your” or “yours”	Prospective investors in this Issue

### Conventional / General Terms

Term	Description
Articles / Articles of Association/AoA	The Articles of Association of our Company.
Board of Directors / Board	The Board of Directors of our Company or a Committee thereof duly constituted.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor [as defined under the Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000] registered with SEBI under applicable laws in India
Financial Year/ Fiscal Year/ FY / Fiscal	The period of twelve months ended March 31 of that particular year.
FVCIs	Foreign Venture Capital Investors, defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 as amended from time to time
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Non Resident	All eligible Bidders, including Eligible NRIs, FIIs and FVCIs who are not persons resident in India.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA, and who is a citizen of India or is a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended from time to time.
SEBI (ICDR) Regulations/ SEBI Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, as formulated by the powers conferred under Section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
Statutory Auditors	The statutory auditors of our Company, being Vishal H. Shah & Associates, Chartered Accountants.

U.S. GAAP	Generally accepted accounting principles in the United States of America.
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### Issue Related Terms

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of Equity Shares pursuant to this Issue.
Allocation/ Allocation of Equity Shares	Unless the context otherwise require, allocation of Equity Shares pursuant to the Issue.
Allottee	The successful Bidders to whom Equity Shares are being /have been allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor category, with a minimum Bid of Rs. 1,000 lacs
Anchor Investor Bid/ Issue Period	The date one day prior to the Bid/Issue Opening Date on which Bidding by Anchor Investors shall open and shall be completed.
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by the Company in consultation with the BRLMs.
Anchor Investor Margin Amount	An amount representing 25% of the Bid Amount payable by Anchor Investors at the time of submission of their Bid
Anchor Investor Portion	Up to 30% of the QIB Portion which may be allocated by the Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.
Applications Supported by Blocked Amount (ASBA)	Applications Supported by Blocked Amount (ASBA) means an application for subscribing to the Issue containing an authorisation to block the application money in a bank account maintained with SCSB.
ASBA Investor / ASBA Bidders	An Investor who intends to apply through ASBA process in the Issue and is not a QIB; is applying through blocking of funds in a bank account with the SCSB.
ASBA Bid cum Application Form / ASBA BCAAF/ ASBA Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Axis / Axis Bank	Axis Bank Limited
Bid	An indication to make an offer, during the Bidding Period by a prospective investor (or on the Anchor Investor Bid / Issue date by the Anchor Investor) to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto. For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by any Investor (other than QIB) to subscribe for the Equity Shares.
Bid Amount	The highest value of the optional Bids indicated in the Bid Cum Application Form and payable by the Bidder on submission of the Bid for this Issue (except for ASBA investor).
Bid / Issue Closing Date	The date after which the member(s) of the Syndicate/SCSB will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper.
Bid/ Issue Opening Date	The date on which the member(s) of the Syndicate/SCSB shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper.
Bid Cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and Prospectus. Unless the context otherwise in this Red Herring Prospectus, Bid Cum Application Form includes ASBA Form.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid Cum Application Form.
Bidding / Bidding Period / Issue Period	The period between the Bid / Issue Opening Date and the Bid / Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Book Building Process / Book Building	Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, in terms of which this Issue is made.

Term	Description
BRLMs / Book Running Lead Managers	Book Running Lead Managers to this Issue, in this case being Edelweiss Capital Limited and Axis Bank Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of Allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in accordance with the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Controlling Branches	Such branches of the SCSB which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchanges and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Cut off / Cut off Price	The Issue Price finalised by our Company in consultation with the BRLMs and it shall be any price within the Price Band. A Bid submitted at the Cut off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-off Price.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Designated Date	The date on which funds are transferred from the Escrow Account and from the bank account of the ASBA Investors to the Public Issue Account after the Prospectus is filed with the RoC following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited is the designated stock exchange for the purpose of this Issue
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue.
Eligible NRIs	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom this Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares allotted herein.
Equity Shares	Equity Shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account(s)	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder (except ASBA Investor) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into between our Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLMs in relation to the collection of Bid Amounts and dispatch of refunds (if any) of the amounts collected, to the Bidders (except ASBA Investor) on the terms and condition thereof.
Escrow Collection Bank(s) / Banker(s) to the Issue	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened. In this case being Axis Bank Limited, Standard Chartered Bank and ICICI Bank Limited.
First Bidder	The Bidder whose name appears first in the Bid Cum Application Form or Revision Form or ASBA Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
ICICI / ICICI Bank	ICICI Bank Limited
Indian GAAP	Generally Accepted Accounting Principles in India.
Issue	This Issue of 83,00,000 Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs. [•] lacs by our Company.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date.
Margin Amount	The amount paid by the Bidder (except ASBA Investor) at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	Upto 5 % of the QIB portion (excluding the Anchor Investor Portion), being [•] Equity Shares, available for Allocation on proportionate basis to Mutual Funds only. The remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB bidders, including Mutual Funds.
Net Proceeds	The proceeds of the Fresh Issue, after deducting the Issue related expenses attributable to the



Term	Description
	Company.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/-.
Non Institutional Portion/ Non Institutional Bidders Portion	The portion of this Issue being not less than 15% of the Issue consisting not less than 12,45,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 10/- per Equity Share aggregating Rs. [●] lacs available for Allocation to Non Institutional Bidders.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Pay-in Date	Bid / Issue Closing Date or the last date specified in the CAN sent to Bidders receiving Allocation, who pay less than 100% Margin Amount at the time of Bidding, as applicable.
Pay-in-Period	Means: (i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) With respect to other Bidders, whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price (“Floor Price”) of Rs. [●] and the maximum price (“Cap Price”) of Rs. [●] and includes revisions thereof, if any.
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account and accounts of ASBA Investors for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount which QIBs are required to pay at the time of submission of bid.
QIB Portion	Consists of not more than 41,50,000 Equity Shares for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] lacs being not more than 50% of the Issue, available for Allocation to QIBs.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, scheduled commercial banks; mutual funds registered with SEBI; foreign institutional investors and sub-account (other than a sub-account which is foreign corporate or foreign individual) registered with SEBI; multilateral and bilateral development financial institutions; venture capital funds registered with SEBI; foreign venture capital investors registered with SEBI; state industrial development corporations; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 2500 lacs; and pension funds with minimum corpus of Rs. 2500 lacs; National Investment Fund set up by resolution no. F. No. 2/3/2005- DDII dated November 23, 2005 of Government of India published in the Gazette of India and insurance funds set up and managed by army, navy or air force of the Union of India.
Red Herring Prospectus	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the opening of this Issue and will become a Prospectus after filing with the RoC, the copy that includes the details of pricing and Allocation and final size of this Issue.
Refund Account(s)	Account(s) to which subscription monies to be refunded to the investors shall be transferred from the Public Issue Account.
Refund Banker(s)	Axis Bank Limited
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means funds through NECS, NEFT, Direct Credit or RTGS as applicable.
Registrar/ Registrar to this Issue	Link Intime India Private Limited, C -13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078

Term	Description
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	Consists of not less than 29,05,000 Equity Shares of Rs. 10 each at a price of Rs. [•]/- per Equity Share aggregating Rs. [●] lacs, being not less than 35% of the Issue, available for Allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid Cum Application Forms or any previous Revision Form(s).
Return on Capital Employed (RoCE)	$\frac{\text{Earnings Before Interest and Tax}}{\text{Average capital employed}}$
Self Certified Syndicate Banks (SCSBs)	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the SEBI from time to time.
Standard Chartered	Standard Chartered Bank
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Syndicate	The BRLMs and the Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters in this case being Edelweiss Securities Limited.
Transaction Registration Slip/ TRS	The slip or document issued by the members of the Syndicate to the Bidders as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Member(s).
Underwriting Agreement	The agreement between the Underwriters, the Registrar and our Company to be entered into on or after the Pricing Date.

#### Company / Industry Related Terms

Term	Description
Embellishment	Printing and embroidery performed on the garment.
CDR/CBR Processing Unit	Continous Dyeing Range/Continous Bleaching Range Processing Unit situated at Plot No. C-3, MIDC, Tarapur Industrial Area, District Thane
Mandhana Dyeing Unit/Dyeing Unit	E-25, MIDC, Tarapur , Boisar – 401 506, Maharashtra, India
Mandhana Weaving House Unit/ Weaving House Unit / Weaving House	E-33, MIDC, Tarapur , Boisar – 401 506, Maharashtra, India
Delhi Sales Office	Flat no. 508/509, Ansal Tower, 38 Nehru Place, New Delhi
Mandhana Industries Export Division (Export Division)/Unit 1	26/A, Peenya II Phase, Peenya Industrial Area, Bangalore -560058, India
Mandhana Industries Export Division (Export Division)/ Unit 2	Plot No. 31, Laggere Gramatana, Dasarahalli, Yeshwanthpur, Hobli, Bangalore.
Mandhana Industries Export Division (Export Division) / Unit 3	No. 1& 2, Subratho Mukherji Road, Dasarahalli, Bangalore.
Mandhana Industries Export Division (Export Division) /Unit 4	Unit No.36/2, Maruti Plaza, Madanayakanahalli, Dasanpura Hobli, Tumkur Road, Bangalore-562123.
Mandhana Weaving House (Shirting Division) / Weaving House (Shirting Division)	C-2, MIDC, Tarapur , Boisar – 401 506, Maharashtra, India
Mandhana Europe	15 Rue de la banque, Escailer B entresol, 750002 Paris, France
Registered Office	Plot number C-3, MIDC, Tarapur Industiral Area, Boisar, Thane-401 506, Maharashtra, India.
Corporate Office	Office of our Company established under Section 146 of the Companies Act, situated at 205/214, Peninsula Centre, Dr. S.S. Rao Road, Off Dr. Ambedkar Road, Parel (East), Mumbai – 400 012, Maharashtra, India.
Sampling Unit	'B' Wing, Ganpati Baug, T.J Road, Sewree (West), Mumbai-400 015

Term	Description
Surface Ornamentation	Printing and embroidery performed on the fabric / garment.
Turnaround Time	Time taken in converting raw material to finished goods.

### Abbreviations

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
ASBA	Applications Supported by Blocked Amount
ATC	Agreement on Textiles and Clothing
AY	Assessment Year
AEPC	Apparel Export Promotion Council
BIFR	Board for Industrial and Financial Reconstruction
BPLR	Benchmark Prime Lending Rate
BRLM	Book Running Lead Manager
Bn	Billion
BSE	Bombay Stock Exchange Limited
CAD	Computer Aided Design
CB	Controlling Branch
CAGR	Compounded Annual Growth Rate
CAM	Computer Aided Machining
CAN	Confirmation of Allocation Note
CBR	Continuous Bleaching Range
CDR	Continuous Dyeing Range
CDSL	Central Depository Services (India) Limited.
CENVAT	Central Value Added Tax
CHF	Swiss Franc
CIN	Corporate Identity Number
DB	Designated Branch
DEPB	Duty Entitlement Pass Book
DGFT	Directorate General of Foreign Trade
DIN	Director's Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identity
DRHP	Draft Red Herring Prospectus
ECS	Electronic Clearing System
EBIDTA	Earnings before Depreciation, Interest, Tax, Amortisation and extraordinary items
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings per Equity Share
ERP	Enterprise Resource Planning
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued thereunder
FDI	Foreign Direct Investment
FII/Foreign Institutional Investors	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India
EU	European Unions
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
FY	Financial Year



Abbreviation	Full Form
GATT	General Agreement on Trade and Tariff
GBP	Great Britain Pound
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/ Government	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IPO	Initial Public Offer
I. T. Act	The Income Tax Act, 1961, as amended from time to time
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise
Kg	Kilogram
MAPIN	Market Participant and Investor Database
MFA	Multi-Fiber Agreement
M Ha	Million hectares
MICR	Magnetic Ink Character Recognition
MIDC	Maharashtra Industrial Development Corporation
MoA	Memorandum of Association
MoU	Memorandum of Understanding
Mn	Million
MNC	Multi National Company
NAV	Net Asset Value
NBFC	Non-Banking Finance Company
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
OCB	Overseas Corporate Body
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit after tax
PBT	Profit before tax
P/E Ratio	Price/Earnings Ratio
R & D	Research and Development
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RHP	Red Herring Prospectus
RMG	Ready Made Garment
RoC/Registrar of Companies, Maharashtra	The Registrar of Companies located at Everest Building, 100, Marine Drive, Mumbai – 400 002, Maharashtra, India
RoCE	Return on Capital Employed
RoNW	Return on Net Worth
Rs./ Rupees / INR	Indian Rupees, the legal currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SICA	Sick Industrial Companies (Special Provisions) Act, 1995, as amended from time to time
Sq Mts.	Square Meters

Abbreviation	Full Form
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
TUFS	Technology Upgradation Fund Scheme
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India
UK	United Kingdom
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.
U.V.	Ultra Violet
WTO	World Trade Organization
WTR	World Trade Regime

Notwithstanding the foregoing,

- (i) In the section titled '*Main Provisions of the Articles of Association of our Company*' beginning on page no. 288 of this Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- (ii) In the section titled '*Financial Statements*' beginning on page no. 167 of this Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- (iii) In the paragraphs titled '*Disclaimer Clause of the Bombay Stock Exchange Limited*' and '*Disclaimer Clause of the National Stock Exchange of India Limited*' beginning on page no. 238 of this Red Herring Prospectus, defined terms shall have the meaning given to such terms in those paragraphs.

## CERTAIN CONVENTIONS - PRESENTATION OF FINANCIALS AND USE OF MARKET DATA

Unless stated otherwise, in table under the heading '*Quantitative Factors*' in the chapter titled '*Basis of Issue Price*' beginning on page no. 61 of this Red Herring Prospectus, the financial data in this Red Herring Prospectus is derived from our restated financial statements for the financial years ended March 31, 2009; 2008; 2007; 2006 and 2005 and nine months period ended December 31, 2009; prepared in accordance with Indian GAAP and the Companies Act restated in accordance with SEBI (ICDR) Regulations, as stated in the report of the Independent Auditors, Ashra & Company, Chartered Accountants, beginning on page no. 167 of this Red Herring Prospectus.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2007), are to the fiscal year ended March 31 of a particular year.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India.

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India.

All references to "USD"; "U.S. Dollar" or "US Dollars" are to United States Dollars, the official currency of the United States of America. All references to "EURO", "euro" or "Euro", are to the official currency of the European Union. All references to "CHF" or "Swiss Franc" are to the official currency of the Switzerland. All references to "Yen/JPY" are to the official currency of the Japan.

For additional definitions, please see the section titled "*Definitions and Abbreviations*" beginning on page no. i of this Red Herring Prospectus.

Market and industry data used throughout this Red Herring Prospectus has been obtained from CRISIL Limited, publications (including websites) available in public domain and internal Company reports. These publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that the market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

## EXCHANGE RATES

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one US dollar, Euro, GBP, CHF, Yen could be exchanged. The row titled 'average' in the table below is the average of the daily rate for each day in the period.

Fiscal year ended March 31	Period Average (In Rupees)				
	Euro	USD	GBP	CHF	Yen (100)
2005	56.55	44.95	82.95	36.77	41.82
2006	53.88	44.28	79.02	34.78	39.13
2007	58.11	45.29	85.72	36.58	38.80
2008	56.99	40.24	80.80	34.84	35.29
2009	65.14	45.91	78.45	42.15	46.03
2010	66.99	47.41	75.65	44.60	51.00

(Source: [www.rbi.org.in](http://www.rbi.org.in), [www.oanda.com](http://www.oanda.com))

## SECTION II – RISK FACTORS

### FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result in”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
  - Changes in laws and regulations relating to the sectors/areas in which we operate;
  - Increased competition in these sectors/areas in which we operate;
  - Our ability to successfully implement our growth strategy and expansion plans;
  - Our ability to meet our capital expenditure requirements;
  - Fluctuations in operating costs;
  - Our ability to attract and retain qualified personnel;
  - Changes in technology;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
  - The performance of the financial markets in India and globally; and
  - Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer to the chapters titled ‘*Risk Factors*’, ‘*Business Overview*’ and ‘*Management’s Discussion and Analysis of Financial Condition and Results of Operations*’ beginning on page nos. xii, 78 and 197 of this Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the member(s) of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



## RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. To obtain a complete understanding of our Company, you should read this chapter in conjunction with the chapters titled 'Business Overview' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on page nos. 78 and 197, respectively, of this Red Herring Prospectus as well as the other financial and statistical information contained in this Red Herring Prospectus. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

These risks are not the only ones that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider being not material to our operations. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

### Materiality:

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

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

### INTERNAL RISK FACTORS

1. ***There are Litigations pending against our Company and some of our Promoters-Directors. Any decision / ruling passed against our Company or its Promoters/Directors in this regard, may have an adverse effect on our business, reputation and financial condition.***

#### ***a. Litigation against our Company.***

Our Company is involved in various legal proceedings, which are pending at various stages of adjudication before the City Courts, High Courts and various Tribunals. Any rulings by appellate courts or tribunals against us would have a material impact on our cash flows which may affect our operations. Classifications of these legal and other proceedings instituted against our Company are given in the following table:

Following are the cases filed against our Company.

Sr. No.	Case Type	No. of Cases	Amount (to the extent quantifiable) (Rs. In lacs)
1.	Criminal Cases	1	Not Quantifiable*
2.	Excise Cases	3	312.76
3.	Income Tax Cases	2	103.28
4.	Labour Cases	2	Not quantifiable**
5.	Civil Cases	1	441.38
6.	Potential litigations	2	101.43
<b>Total:</b>		<b>11</b>	<b>958.85</b>

\* The amount of liability can be determined only after the court passes an order under section 88 of the Criminal Procedure Code. 1973.

\*\* There is no compensation / damage amount claimed hence the liability cannot be determined as on date.

#### ***b. Litigation against our Promoter-Directors.***

Our Promoter-Directors are involved in various legal proceedings, which are pending at various stages of adjudication before the City Courts, High Courts and various Tribunals. Any rulings by appellate courts or tribunals against our promoters would have a

material impact our operations. Classifications of these legal and other proceedings instituted against our Promoter-Directors are given in the following table:

**Cases filed against Mr. Purushottam Mandhana**

Sr. No.	Case Type	No. of Cases	Amount (to the extent quantifiable) (Rs. In lacs)
1.	Criminal Cases	1	Not quantifiable*
2.	Potential Litigation	1	100.00
<b>Total</b>		<b>2</b>	<b>100.00</b>

\* The amount of liability can be determined only after the court passes an order under section 88 of the Criminal Procedure Code, 1973.

**Cases filed against Mr. Manish Mandhana**

Sr. No.	Case Type	No. of Cases	Amount (to the extent quantifiable) (Rs. In lacs)
1.	Criminal Cases	1	Not quantifiable*
2.	Potential Litigation	1	1.43
<b>Total</b>		<b>2</b>	<b>1.43</b>

\* The amount of liability can be determined only after the court passes an order under section 88 of the Criminal Procedure Code, 1973.

These cases are filed against our Company, our dyeing division, our export division and Mr. Purushottam Mandhana in the capacity of being the Managing Director of our Company and Mr. Manish Mandhana in the capacity of being the Joint Managing Director of our Company. Any decision that goes against our Company and the Managing Director / Promoters, may have a significant effect on our business and reputation, financial condition and results of operations.

For further details of outstanding litigation pending against us, please refer to the chapter titled “*Outstanding Litigations, Material Developments and Other Disclosures*” beginning on page 215 of this Red Herring Prospectus.

**2. We have not placed order for 68.91% of the machinery required for our objects of the issue. Out of the total machinery for which order is yet to be placed 90.32% will be imported.**

No orders have been placed for 68.91% of the machinery in value terms, required for our units pursuant to our object of the issue. Delay in placing the order for these machineries required for the objects could result in a cost and time over run, which would adversely affect the operations and profitability of our Company. Further, more than 90.32% of the machinery in value terms of the machinery yet to be ordered, required for our units pursuant to the Objects of the Issue will be imported. Delay in delivery of the said machinery or damage or loss in transit will adversely affect our business, operations and profitability. Further we will also be exposed to the risk on account of fluctuation in the currency rate. For further details, please refer to the chapter titled ‘*Objects of this Issue*’ beginning on page no. 42 of this Red Herring Prospectus.

**3. Working capital requirement for the objects of the Issue are not tied up and the same can affect our operations and financial performance adversely.**

As on date our Company has not tied up for incremental working capital requirements for proposed projects stated in the chapter titled ‘*Objects of this Issue*’ beginning on page no. 42 of this Red Herring Prospectus. In case we are not able to tie up for the working capital requirement, our operations and financial performance will be adversely affected.

For further details please refer to the chapter titled ‘*Business Overview*’ beginning on page no. 78 of this Red Herring Prospectus.

**4. Any inability to implement the Projects as stated in our objects of the Issue successfully within the scheduled timelines and budgeted costs may adversely affect our business, results of operations and financial conditions.**

We may not be able to successfully execute the Projects as stated in our objects of the Issue or be able to execute it within the scheduled timelines and budgeted costs or be able to garner requisite market share due to various factors including but not limited to changes in market environment, technology, customer preferences, availability of finance, change in government policies etc. There has already been a delay in the schedule of implementation of projects as shown in the DRHP. In the event of any of the aforesaid events, we can give no assurance that we may be able to execute the project successfully or within the scheduled timelines, which may adversely affect our business, results of operations and financial condition.

**5. Our Company’s contingent liabilities could adversely affect our financial condition.**

As of December 31, 2009 our Company had an aggregate amount of Rs. 1,579.81 lacs as contingent liabilities outstanding. If any of these contingent liabilities were to materialize, it may have an adverse impact on our financial condition.

(Rs.in lacs)

Particulars	As on December 31, 2009
Export Invoice Discounted with Banks	922.84
Income Tax Demand	103.28
Excise Duty Demand	312.76
Bank Guarantee	240.93
<b>Total</b>	<b>1,579.81</b>

**6. *There are certain qualifications appearing in our Audit Reports for the financial years ended March 2005, 2006, 2007, 2008 and 2009 and the nine month period ended December 31, 2009***

Following are the qualifications appearing in our audit report:

1. The company has no separate internal audit set-up.
2. The company has not maintained the prescribed accounts and records pursuant to the rules made by the Central Government for the maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956.

For further details please refer to chapter titled “Financial Statement” beginning on page 167 of the Red Herring Prospectus.

**7. *We have had negative Operating cash flows for the financial year 2007-2008 and nine month period ended December 31, 2009.***

We have had negative cash flows from our operating activities in financial year 2007-2008 and for the nine month period ended December 31, 2009 amounting to Rs. 432.92 lacs and Rs.1,168.22 lacs respectively. For the corresponding periods our EBIDTA was Rs 7,309.65 lacs and Rs. 9,328.19 lacs respectively. These negative operating cash flows were primarily on account of increase in inventory holding and receivable levels and also due to sharp increase in debtors and advances paid. There could be a material impact on our results of operations if our operating cash flows continue to be negative in future.

For further details please refer to chapters titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” beginning on page nos. 197 and 167 of this Red Herring Prospectus.

**8. *One of our Non Executive Directors, Mr. Sanjay Asher was associated with two companies which appear on the Reserve Bank of India’s list of wilful defaulters.***

Mr. Sanjay Asher was an independent director on the Board of Directors of the following companies, names of which appear in the Reserve Bank of India’s list of wilful defaulters on the website [www.cibil.com](http://www.cibil.com):

- i) Duck Tarpaulins Limited from the period July 4, 1994 to July 1, 1998. Duck Tarpaulins Limited appears on the Reserve Bank of India’s list of wilful defaulters for the period January 1, 2002 to March 31, 2002 for default in payments of Rs. 286.00 lacs to ICICI Bank Limited. Mr. Asher resigned as director of Duck Tarpaulins Limited with effect from July 1, 1998 and is in no manner connected or dealing with Duck Tarpaulins Limited since then.
- ii) Asian Electronics Limited from the period December 23, 2006 to November 05, 2008. Asian Electronics Limited appears on the Reserve Bank of India’s list of wilful defaulters for the period March 31, 2008 to December 31, 2009 for default in payments of Rs. 247.00 lacs to Global Trade Finance Limited. Mr. Asher resigned as director of Asian Electronics Limited with effect from November 05, 2008 and that now he is in no manner connected or dealing with Asian Electronics Limited since then.

**9. *The funds proposed to be utilized for general corporate purposes may constitute more than 25% of the Issue Size. As on date we have not identified the use of such funds.***

We intend to utilise Rs. [●] lacs which constitutes [●]% of the Issue Size, for general corporate purposes, including but not limited to, the repayment of loans, working capital requirement, expansion of our operations domestically and/or internationally through organic or inorganic route, as may be available. The funds proposed to be utilized for general corporate purposes may constitute more than 25% of the Issue Size. The deployment of such funds is entirely at the discretion of our management and our Board of

Directors.

**10. We may be adversely affected by a slowdown in the global economy especially Europe**

As of December 31, 2009, exports form 17.13% of our total sales of which the continent of Europe accounts for approximately 77.79%. Hence any slowdown in the global economy would adversely affect our performance. Europe continues to be an important market for our Company. As at December 31, 2009, we derived 77.79% of our exports from Europe compared to 83.62% as at March 31, 2009. However, a slowdown in the European economy may translate into lower exports for our Company.

**11. 55.34% of our Company's revenue for the nine month period ended December 31, 2009 was from a limited number of customers.**

For the nine month period ended December 31, 2009, our top ten customers constitute nearly 55.34% of our total revenue. Following are the details of the revenue derived from the top few customers for the last three financial years.

	FY 2007		FY 2008		FY 2009		Nine month period ended December 31, 2009	
	Amount (Rs. in lacs)	%	Amount (Rs. in lacs)	%	Amount (Rs. in lacs)	%	Amount (Rs. in lacs)	%
<b>Sales from top 3 Customers</b>	3935.79	16.38	9,860.14	24.38	10,066.46	21.73	14,377.50	32.73
<b>Sales from top 5 Customers</b>	5,327.42	22.17	13,538.87	33.48	13,698.35	29.57	18,645.83	42.45
<b>Sales from top 10 Customers</b>	7,702.44	32.05	18,959.30	46.87	19,169.36	41.38	24,307.44	55.34

We do not have long-term sales contracts with our customers. The sale to each customer is dependent on our ability to manufacture products of acceptable quality that meet the customer's specifications and to deliver such products on a timely basis. In the event of our inability to meet their requirements or expectations for reasons within or beyond our control leading to any loss or significant reduction in business from these customers, would adversely effect our revenues and thereby our profitability.

**12. Our Group Entities have incurred losses in the past.**

The following Group Entities have incurred losses in the last three years and the nine month period ended December 31, 2009.

- Sundhya Chhaya Finvest Private Limited;
- Ashlesha Finvest Private Limited;
- Dhumketu Finvest Private Limited; and
- Mahan Synthetic Textiles Limited.

(Rs.in lacs)

OUR GROUP ENTITIES	LOSS INCURRED FOR THE LAST THREE FYS & 9M FY10			
	For nine month period ending December 31, 2009	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Sundhya Chhaya Finvest Private Limited	(0.06)	(0.11)	(0.08)	(0.03)
Ashlesha Finvest Private Limited	(0.96)	(1.32)	(3.53)	(0.06)
Dhumketu Finvest Private Limited	(0.06)	(0.10)	(0.08)	(0.06)
Mahan Synthetic Textiles Private Limited	(8.11)	-	-	-

For further details, please refer to the chapter titled "Our Promoter Group and Group Entities" beginning on page no. 158 of this Red Herring Prospectus

**13. The fund requirement and deployment mentioned in the said chapter have not been appraised by any bank or financial institution. Further our Company has not appointed a monitoring agency to monitor the utilization of the proceeds of the Issue.**

The deployment of funds as described in the chapter titled ‘*Objects of this Issue*’ beginning on page no. 42 of this Red Herring Prospectus is at the discretion of our Company’s Board of Directors. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled ‘*Objects of this Issue*’ beginning on page no. 42 of this Red Herring Prospectus, the management will have significant flexibility in applying the proceeds received by our Company from this Issue. Our Company has not appointed a monitoring agency to monitor the utilization of the proceeds of the Issue. However, Our Board of Directors will monitor the utilization of the proceeds of this Issue.

**14. *We may face a risk on account of not meeting our export obligations.***

We have obtained licenses under Export Promotion Capital Goods scheme (“EPCG”) as listed under the heading ‘*EPCG Licences*’ in the chapter titled ‘*Government / Statutory Approvals*’. As per the licensing requirement under the said scheme, we are required to export goods of a defined amount, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest. As on December 31, 2009 our export obligation is USD 711.73 lacs. The penal amount to be paid in case of default is Rs. 6674.97 lacs.

For further information please refer to the chapter ‘*Government / Statutory Approvals*’ beginning on page 225 of this Red Herring Prospectus.

**15. *Our Company’s indebtedness could adversely affect our Company’s financial condition and results of operations.***

Our Company has entered into various loan agreements with Andhra Bank, State Bank of Patiala, Corporation Bank, Indian Bank, State Bank of India, ICICI Bank, Bank of Baroda, Punjab National Bank, Axis Bank and Bank of Maharashtra for long term borrowings. The short term credit availed of as on December 31, 2009 amounts to Rs. 11,432.17 lacs and the long term credit availed off as on December 31, 2009 amounts to Rs. 26,956.32 lacs. These agreements contain certain restrictive covenants which require us to take the prior written consent of the said banks before undertaking the following activities throughout the currency of the agreement including but not limited to:

1. Effecting changes in our Company’s capital structure;
2. Formulating any scheme of amalgamation/re-constitution;
3. Entering into borrowing arrangements, either secured or unsecured, with any other bank, financial institution, company or person;
4. Undertaking guarantee obligations on behalf of any other company, firm or person;
5. Creating any further charge, lien or encumbrance over the assets and properties of our Company, which are charged to the aforesaid banks, in favour of any bank, financial institution, company, firm or person;
6. Selling, assigning, mortgaging or otherwise disposing off any of the fixed assets charged to the banks;
7. Effecting any material change in the composition of Board of Directors, management structure or equity pattern of our Company

There can be no assurance that our Company will be able to comply with these financial or other covenants or that our Company will be able to obtain the consents necessary to take the actions our Company believes are necessary to operate and grow our Company’s business. Further, if we default on the repayment of the aforesaid loans, the said banks could enforce their security interests on our assets limiting our ability to carry out operations. For further details, please refer to the chapters titled ‘*Business Overview*’ and ‘*History and other Corporate Matters*’ beginning on page nos. 78 and 129 of this Red Herring Prospectus respectively.

**16. *Certain unsecured loans taken by Our Company may be recalled by our lenders at any time.***

Unsecured loans amounting to Rs. 2,918.50 lacs outstanding as on February 28, 2010 taken by our Company may be recalled by our lenders at any time. Any failure to service our indebtedness, maintain the required security interests, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities which may adversely affect our business, financial condition and results of operations.

**17. *Any delay or inability in renewing our existing permits and licenses may have an adverse effect on our business.***

We require certain statutory and regulatory permits and licenses to operate our business, some of which our Company has either received, applied for or is in the process of application. Such permits and /or licenses may be granted for a fixed period of time.



Non renewal of the said permits and licenses would adversely affect our Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition.

*Following are the approvals pending renewal:*

1. Application dated December 31, 2008 for "Consent to Establish" the CDR/CBR Processing Unit at C-3, MIDC, Tarapur-401 506, Thane, made to Maharashtra Pollution Control Board.

*Following is the list of some of the licences / approvals which are required but not applied for:*

*I. THE OBJECTS OF THE ISSUE:*

**A. Garment Manufacturing Facility At MIDC, Tarapur**

1. Factory Licence application before the Joint Director Industrial Safety and Health, Vasai,
2. Service Tax Certificate issued by the Superintendent (Service Tax) Division VI, Mumbai.
3. Boiler Certificate issued by the Deputy Director of Steam, Boilers, Maharashtra, permitting the unit to use smoke tubes.
4. Power Sanction (Electricity) from Maharashtra State Electricity Board

**B. Expansion Of Weaving Facility At C-2, MIDC, Tarapur, Boisar, Taluka Palghar, Thane**

1. Additional Power Sanction (Electricity) from Maharashtra State Electricity Board

*Following are the applications pending approval:*

1. Application filed with Maharashtra Industrial Development Corporation for sanctioning of Factory Plan for Plot no. E-132, MIDC, Tarapur Industrial Area, Thane

For further details please refer to the chapter titled 'Government / Statutory Approvals' beginning on page no. 225 of this Red Herring Prospectus.

**18. Currency rate fluctuations could have an adverse effect on our financial results**

We import various equipment for our facilities and we intend to import about 90.32% of plants and machinery required for the objects of the Issue (as a % of orders yet to be placed), for which we shall make payment in foreign currency. Accordingly, depreciation of the INR against the U.S. dollar and other currencies may adversely affect our financial position and results of operations by increasing the Rupee cost of servicing.

Our Company is exposed to foreign exchange risks by virtue of being an exporter of products whereby an appreciation of the INR against the U.S. Dollar could adversely impact receivables.

While our Company may enter into forward contracts or other derivative instruments in order to appropriately mitigate risks on account of currency fluctuation, there can be no assurance that the risks arising out of fluctuations by the INR against the U.S. dollar can be fully mitigated.

**19. Under-utilisation of expanded capacities may adversely impact our financial performance**

Our Company has undertaken expansion of its production capacities based on its estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected orders due to factors including adverse economic scenario, change in demand, change in fashion, etc., our capacities may not be fully utilised thereby adversely impacting our financial performance. For further details on capacity utilization and planned capacity increase, please refer chapter titled "Business Overview" on page 78 of the Red Herring Prospectus.

**20. We have entered into certain related party transactions and expect to do so in the future.**

We have entered into, and in future may enter into, certain related party transactions with our Promoters, Directors, Group Entities and key managerial personnel. While we believe that all our related party transactions have been conducted on arm's length bases, we cannot assure you that we could not have achieved more favourable terms had such transaction been entered into with unrelated parties. Further, we may be unable to recover liquidated damages from one or more related parties for losses that may be suffered by us either due to such related parties' performance shortfalls or their failure to fulfil obligations on timely

bases. The total amount of related party transaction for the Nine month period ended December 31, 2009 amounted to Rs. 556.40 lacs. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition and results of operations.

Further, there are no related party transactions with any of the related parties except as mentioned under the heading titled “Statement of Related Party Transaction” beginning on page 190 under the chapter titled “Financial Information” beginning on page 167 of this Red Herring Prospectus.

**21. *Some of the premises used by our Company including our Registered Office and Corporate Office are not owned by our Company***

The premises used by our Company as its Corporate Office is taken on a short-term lease and license basis from our Promoters and their relatives. The premises used for our Registered office, Weaving House, Yarn Dyeing and Weaving Unit, Dyeing Unit, Garment Production Unit are taken on the basis of long term lease agreements for 95 years in various industrial areas. Further Delhi Branch Office (Sales) and Show Room for Textiles at Paris are taken on the basis of short-term lease and license agreements from various third parties. There can be no assurance that these agreements will be renewed upon expiry or on terms and conditions acceptable to us. Any failure to renew these agreements or procure new premises will increase our costs or may force us to look out for alternative premises which may not be available or which may be available at more expensive prices. Any or all of these factors may have a material adverse effect upon our business, results of operations and financial condition.

For further details please refer to the chapters titled ‘Business Overview’, ‘Our Management’ and ‘Related Party Transactions’ beginning on page nos. 78, 137 and 165 of this Red Herring Prospectus respectively.

**22. *We have not entered into a definitive agreement for the premises used as our design studio cum garment sampling house at Sewree, Mumbai.***

The premises used as our design studio cum garment sampling house has been acquired *vide* two MoUs dated July 09, 2007 and February 29, 2008. We have not entered into any formal sale deeds for the premises. Further, the MoUs have not been registered and consequent to the non registration, the MoUs shall not be admissible as evidence in legal proceedings, and parties to that agreement may not be able to legally enforce the same. In case of any dispute, we may lose our right to use the premise.

For further details please refer to the Section titled ‘Properties’ in the chapter titled ‘Business Overview’, beginning on page no. 78 of this Red Herring Prospectus respectively.

**23. *Lease-Cum-Sale Agreement dated June 23, 2008 (the “Agreement”) signed between our Company and Karnataka Industrial Areas Development Board shall stand terminated in case our Company fails to complete the Civil work, erected machinery and commencement of production at the end of period of four years from the date of this Agreement or possession certificate whichever is later.***

Our Company has signed a lease-cum-sale Agreement dated June 23, 2008 with Karnataka Industrial Areas Development Board (the “lessor”) for our land at plot no. SW-45&50, Apparel Park Industrial Area, bearing survey nos. parts of 71, 72 and 76 within the village limits of Arehalliguddadahalli, Hobli Kasaba, Taluka Doddaballapura, District Bangalore Rural. As per the terms of this Agreement, the lease shall be automatically terminated, in the event our Company fails to complete the civil work, erected machinery and commencement of production at the end of period of four years from the date of this Agreement or possession certificate whichever is later. Further, on determination of the Agreement, the lessor shall forfeit 25% of the allotment consideration amounting to Rs. 2,01,10,500/- paid to the lessor by our Company.

**24. *Our Company does not have any long term sales contracts with any customer.***

Our Company’s sales take place on the basis of purchase orders. We do not have any long term sales contracts with our customers and hence are unable to bind them in a long term relationship with us. Our ability to receive the initial order as well as repeat orders from a customer is dependent on our ability to manufacture products of acceptable quality, at a competitive price and to deliver such products on a timely basis. In case a customer is not satisfied with our product, price or delivery and does not place repeat orders with us, this could adversely affect our sales and financial results. Further, our inability to add new buyers to our sales portfolio may hamper growth of our business and profitability.

**25. *We experience seasonality in the garmenting segment.***

Around 93.43% of our total garments sales for the nine month period ended December 31, 2009 were exported, out of which 77.79% was exported to Europe. Europe experiences two fashion seasons namely summer and winter. Our garmenting business is thus seasonal to this extent thereby leading to higher revenues in the second and fourth quarter. Further any disturbances or disruptions caused during these particular seasons could lead to reduction in our revenues and could have material adverse effect on our financial performance.

**26. *Our Promoters and Directors have Interest in our Company other than reimbursement of expenses incurred or normal remuneration or benefit.***

Our Promoters and Directors may be deemed to be interested to the extent of the Equity Shares held by them, their friends or their relatives or our Group Entities, and benefits arriving from their directorship in our Company. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please refer to the chapters titled 'Business Overview', 'Our Management' and 'Our Promoters and their Background', beginning on page nos. 78, 137 and 155, respectively and the section titled 'Financial Statements' beginning on page no. 167 of this Red Herring Prospectus.

**27. *Our Promoters have interest in certain companies, which may engage in similar businesses, which may create a conflict of interest. Further we do not enjoy contractual protection by way of a non-compete or other agreement or arrangement with our Group Entities.***

Three of our Group Entities viz. Mahan Synthetic Textile Private Limited, Golden Seam Textiles Private Limited and M/s. Balaji Corporation are involved in a similar line of business as that of our Company i.e. including but not limited to manufacturing, export, sale, trading and earning commission from trading in textile. Currently Mahan Synthetic Textile Private Limited and Balaji Corporation are in the business of trading and commission income arising there from in textile and Golden Seam Textile Private Limited is in the business of manufacturing, export, sale and trading of textile (men's bottom wear). Further, as on date our Company is neither involved in manufacturing / trading in men's bottom wear nor into commissioning income arising from textile. As per the objects clause of these entities, they are authorised to expand their business in lines of business similar to that of our Company. As on date, Our Company has not signed any non-compete or such other agreement / document with our Group Entities, thus the interests of these entities may conflict with the Company's interests and / or with each others if these entities expand their business in the future. The Company follows a strategy of using its vertically integrated operations, in-house design capabilities and the decades of experience in the textile industry to effectively compete with competitors, including potential competition from group entities. However, in the event, any of the group entities expand in the same business as that of the Company, our strategy may not be fully successful in this regard. For further details, please refer to the chapters titled, 'Business Overview', 'Our Promoter Group and Group Entities', beginning on page nos. 78 and 158, respectively and the chapter titled 'Related Party Transactions' beginning on page no. 165 of this Red Herring Prospectus.

**28. *Our inability to upgrade to the latest technology may adversely affect our growth, market position and profitability.***

Advancement in technology may require us to make additional capital expenditure for upgrading our manufacturing facilities so as to compete with our various competitors. In the event that we are not able to respond to such technological advancement in a timely manner, we may lose our competitive edge thereby adversely affecting our profits.

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

As a part of our growth strategy, we are planning to make investments designed to increase sales of our products, especially those where our presence is currently limited. Our success over the period of 25 years has enabled us to achieve growth in terms of sales from Rs. 12,656.42 lacs for the financial year 2005 to Rs. 43,925.73 lacs for the nine months period ended December 31, 2009. Further our profitability has increased from Rs. 640.65 lacs in the financial year 2005 to Rs. 2,856.45 lacs for the nine months period ended December 31, 2009. However, there can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. Our growth strategy is subject to and involves risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Any inability on our part to manage our growth or implement our strategy effectively could have a material adverse effect on our business, results of operations and financial condition. Further, we operate in a highly dynamic industry, and on account of changes in market conditions, industry dynamics, technological improvements or changes and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands.

- 30. *Our insurance policies do not cover all risks, specifically risks like product defect / liability risk, loss of profits and workmen's compensation, In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.***

In addition to risks arising from natural disasters and risks to properties and personnel (like personal injury/loss of life), in the course of our business, our operations are also subject to the risks arising from or as a result of use of pesticides and other hazardous substances. These risks include, but are not limited to accidental release or discharge of hazardous substances, explosions, poisoning, spills/leaks, insect/snake bites, environmental pollution *etc.* One or more of the aforesaid factors may result in closure or suspension of operations and imposition of civil and/or criminal penalties.

While we believe that we maintain insurance coverage in amounts consistent with industry norms in each of our regions, our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits and workmen's compensation, and are subject to exclusions and deductibles. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. For details on the insurance policies taken by our Company, please refer to the chapter titled '*Business Overview*' beginning on page no. 78 of this Red Herring Prospectus.

- 31. *Our success largely depends on our key managerial personnel and our ability to attract and retain them. Any loss of our key managerial personnel could adversely affect our business, operations and financial condition.***

We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. If one or more members of our key managerial personnel are unable or unwilling to continue in his/her present position, it could be difficult to find a replacement. Our business could thereby be adversely affected. Opportunities for key managerial personnel in our industry are intense and it is possible that we may not be able to retain our existing key managerial personnel or may fail to attract/ retain new employees at equivalent positions in the future. As such, any loss of key managerial personnel could adversely affect our business, operations and financial condition. For further details on the key managerial personnel of our Company please refer to the chapter titled '*Our Management*' beginning on page no. 137 of this Red Herring Prospectus.

- 32. *Our employees may unionize in the future, thereby restricting the flexibility of our labour policies.***

As on date, our employees are not represented by any labour union. However, our employees may unionise in the future. While we consider our current labour relations to be satisfactory there can be no assurance that we will not experience future disruptions to our operations due to disputes including strikes, work stoppages, or increase wage demands by our employees or other problems with work force which may adversely affect our business or operations. In that case, there may be restrictions on the flexibility of our labour policies.

- 33. *Our inability to keep pace with the ever-changing fashion trends can hamper the demand for our products / our business.***

We operate in a highly creative and dynamic fashion industry. The ever-changing nature of the fashion industry subjects us to uncertainties associated with the ever-changing market trends. Any inability on our part to understand the prevailing world-wide trend or to forecast changes from time to time may affect our growth prospects. The product mix in our garment business changes according to season and therefore the business is seasonal to that extent.

- 34. *Volatility in prices and non availability of raw materials may have an adverse impact on our operations.***

We do not have any agreement with suppliers with respect to supply of raw materials purchased by us from them. Any significant increase in the prices of these raw materials and our inability to pass on increased costs or raw material to our customers, may adversely affect our sales and profitability. Further, in the event of any disruption in raw material supply in terms of requisite quantities and qualities our production schedule may also be adversely affected.

- 35. *Our future funds requirements, in the form of fresh issue of capital or securities and or loans taken by us, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.***

We may require additional capital from time to time depending on our business needs. Any fresh issue of shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our shareholders.

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

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Reasons	Allottees
August 21, 2009	1,13,25,000	10	NIL	Bonus Issue	Shareholders of our Company as on date of allotment in the Bonus Issue
September 15, 2009	21,73,913	10	115	Preferential Allotment	Axis Bank Limited

For further details please refer to the chapter titled “*Capital Structure*” beginning at page 23 of this Red Herring Prospectus.

**37. Any future issuance of Equity Shares by our Company or sale of the Equity Shares by any of its significant shareholders may adversely affect the trading price of the Equity Shares.**

Any future issuance of our Equity Shares could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**38. Post this Issue, our Promoters and Promoter Group will continue to hold majority shares in our Company.**

Post this Issue, our Promoters and Promoters Group will own 62.21% of our fully diluted Equity Share capital. Accordingly, our Promoters will continue to have control over our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election, termination or appointment of our officers and directors. This control could delay, defer, or prevent a change in control in our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage potential acquirers from making an offer or otherwise attempting to obtain control over our Company even if it is in its best interest. Our Promoters may also influence our material policies in a matter that could conflict with the interests of our other shareholders.

**EXTERNAL RISK FACTORS**

**1. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market.**

There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares. The Issue Price of the Equity Shares in this Issue will be determined by our Company in consultation with the BRLMs, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to resell your Equity Shares at or above the Issue Price and, as a result, you may lose all or part of your investment. The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors and industries in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market and may be more volatile than the securities markets in other countries. Stock exchanges in India have, in the past, experienced substantial fluctuations in the prices of listed securities.



The stock exchanges in India have experienced problems, including broker defaults and settlement delays, which, if were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our Equity Shares. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

**2. *Our business and activities will be regulated by the Competition Act, 2002 as and when it is notified. It is unclear as to how the said Competition Act and Competition Commission of India will affect industries in India.***

The Parliament has enacted the Competition Act, 2002 for the purpose of preventing practices having an adverse effect on competition under the auspices of the Competition Commission of India, which has not yet come into force. Under the said Competition Act, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement inter alia which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear as to how the said Competition Act and Competition Commission of India will affect industries in India.

**3. *Hostilities with neighbouring countries and civil unrest in India may have material adverse impact on the market for securities in India.***

India has from time to time experienced instances of hostilities from neighbouring countries, including Pakistan and China. In recent years, military confrontations between India and Pakistan have occurred in Kashmir and along the India-Pakistan border, although the Governments of India and Pakistan have recently engaged in conciliatory efforts. Military activity or terrorist attacks like terror attacks on Mumbai in November 2008, in the future could influence the Indian economy by disrupting communications and making travel more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a high degree of risk. Events of this nature in the future, as well as social and civil unrest, could influence the Indian economy and could have material adverse effect on the market for securities of Indian companies.

**4. *Political, Economic and Social developments in India and acts of violence or war could adversely affect our business.***

Since 1991, the Government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The new Government that has been formed as a result of general elections in India consists of a coalition of political parties. Any change in the economic policies by the new Government could change specific laws and policies affecting mining companies, pace of deregulation, foreign investment, currency exchange rates and other matters which could adversely affect the investment in our Equity Shares. Acts of violence, terrorist activity or war could affect the industrial and commercial operations in the country create a perception that investments in Indian companies involve a higher degree of risk which could have a material adverse effect on the market for securities of Indian companies.

**5. *A slowdown in economic growth in India and other unfavourable changes in political and economic factors may adversely affect our business and results of operations.***

All our business facilities are located in India. Our Company, the market price and liquidity of our Equity Shares, may be adversely affected by fluctuations in foreign exchange rates and controls, interest rates, changes in Government policy, taxation, social and civil unrest and other negative political developments like any abrupt change in the Central or any State Government wherever we have business interests, etc., economic developments like very high rate of inflation, slow down in growth, decrease in foreign investments, etc. or other developments in or affecting India. Particularly slow down in economic growth may make the Governments spend relatively less on agriculture and agricultural growth is also linked to overall economic growth, which may ultimately be unfavourable to the Company's business. During the past decade, the Government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of Government and State Governments in the Indian economy in relation to producers, consumers and regulators has remained significant. It cannot be assured that the liberalization policies will continue in future. For example, because of the change in Central Government certain liberalization policies like disinvestment in public sector enterprises, capital account convertibility etc. have been put on hold. The Government may also pursue other policies which could have a material adverse effect on our business. The rate of economic liberalization could change, and specific laws and policies affecting our business, suppliers, foreign investment, currency exchange rates and other matters affecting our business are also subject to change. A significant change in the Government's or Indian State Governments' economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business and financial condition and prospects in particular.

**6. Any downgrading of India's debt rating by an international rating agency could have an unfavorable impact on our business.**

Any adverse revisions to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

**7. India is vulnerable to natural disasters that could severely disrupt our normal operations of business and adversely affect our earnings.**

India is susceptible to tsunamis and earthquakes. On December 26, 2004, Southeast Asia, including the Eastern coast of India, experienced a tsunami that caused significant loss of life and property damage. On January 26, 2001, the Kutch region in the State of Gujarat suffered a major earthquake causing significant loss of life and property. Our project sites are located in and around Mumbai and Bangalore. Though these are not prone areas in particular, there could arise force majeure events like earthquake, tsunami, flood or such other events beyond human control in any of the company's project areas that could have a material adverse impact on our operations, business and financial conditions. Further, occurrence of such an event could also affect our raw material suppliers or our customers, which would adversely affect our business, results of operations and financial condition.

**8. There are restrictions on daily movements in the price of equity shares of a listed company in India, which may adversely affect a shareholder's ability to sell, or the price at which any shareholder can sell equity shares at a particular point in time.**

On listing of our Equity Shares, we would be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The maximum movement allowed in the price of the Equity Shares before the circuit breaker is triggered is determined by the Stock Exchange based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchange does not inform the listed company of the triggering point of the circuit breaker in effect from time to time, and may change it without the knowledge of the listed company. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time

**PROMINENT NOTES**

1. Public Issue of 83,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share including a share premium of Rs. [●] per Equity Share for cash aggregating Rs. [●] lacs. The issue of Equity Shares will constitute 25.06% of the fully diluted post issue paid-up capital of our Company.
2. The net worth of our Company, before the Issue, as per our restated financial statements as at March 31, 2009 and as of nine month period ended December 31, 2009 was Rs.13,335.92 lacs and Rs.18,424.37 lacs respectively.
3. The net asset value per Equity Share, as per our restated financial statements as at March 31, 2009 and as of nine month period ended December 31, 2009 was Rs.117.76 and Rs.74.22 respectively.

The diluted net asset value per Equity Share, pursuant to adjustment in respect of bonus share issued on August 21, 2009, as per our restated financial statements as at March 31, 2009 and as of nine months period ended December 31, 2009 was Rs.58.88 and Rs.74.22, respectively.

4. The following table represents average cost of acquisition of Equity Shares by our Promoters as on date of the Red Herring Prospectus. For details please refer to the table titled 'Capital built up of Promoters' on page no. 26 under the chapter titled 'Capital Structure' beginning on page 23 of this Red Herring Prospectus.

Sr. No.	Name of the Promoter	Average cost of acquisition (in Rs.)
1.	Mr. Biharilal Mandhana	5.16
2.	Mr. Purushottam Mandhana	29.21

Sr. No.	Name of the Promoter	Average cost of acquisition (in Rs.)
3.	Mr. Manish Mandhana	27.84
4.	Mr. Purushottam C. Mandhana (HUF)	5.00
5.	Mr. Priyavrat Mandhana	5.24

5. Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company 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. Investors may contact the BRLMs *i.e.* Edelweiss Capital Limited and Axis Bank Limited for any complaints pertaining to the Issue.
6. For interests of our Promoters, Directors and Key Managerial Personnel, please refer to the chapters titled '*Risk Factors*', '*Business Overview*' and '*Our Management*' beginning on page nos. xii, 78 and 137 of this Red Herring Prospectus.
7. Investors are advised to refer to the paragraph on '*Basis of Issue Price*' on page no. 61 of this Red Herring Prospectus before making an investment in this Issue.
8. The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue will be allotted on a proportionate basis to QIBs, of which 5% (excluding Anchor Investor Portion) shall be reserved for Mutual Funds. The QIB portion includes Anchor Investor portion as defined in the section titled "Definitions and Abbreviations" on page i of this Red Herring Prospectus and our company may consider participation by Anchor Investors in the Issue for upto 12,45,000 Equity Shares in accordance with the applicable SEBI (ICDR) Regulations. Further, not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid bids being received at or above the Issue Price.
9. In the event of the Issue being oversubscribed, the allocation shall be on a competitive basis to Bidders in the QIBs, Retail Individual Bidders and Non-Institutional Bidders. For further details, please refer to the chapter titled '*Issue Procedure*' beginning on page no. 251 of this Red Herring Prospectus.
10. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
11. Under subscription, if any, in any category shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company in consultation with the BRLMs. Allocation in all the categories shall be on a proportionate basis.
12. Except as disclosed in the chapter titled '*Capital Structure*' beginning on page no. 23 of this Red Herring Prospectus, we have not issued any shares for consideration other than cash.
13. Summarised details of transactions by our Company with our Group Entities during last five years and nine month period ended December 31, 2009 are as given below:

*(Rs. In lacs)*

Nature Of Transaction	Nine Month Period ended December 31, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Sale of Fabrics and Garments	317.43	601.76	354.65	158.24	56.61	108.16
Purchase of Fabric / Auxiliary Material	1.40	246.50	93.78	02.55	12.19	246.70
Directors Remuneration & Perquisites	216.00	180.00	144.00	144.00	72.52	20.46
Salary	-	-	-	2.00	2.354	-
Rent	21.57	28.90	28.76	210.62	183.74	179.79

For further details regarding our related party transactions, please refer to the chapter titled '*Financial Information*' beginning on page no. 167 of this Red Herring Prospectus.

14. The Group companies are interested parties to the extent of the related party transactions disclosed in the chapter titled "*Financial Information*" beginning on pages 167 of the Red Herring Prospectus.

15. There has been no change in the name our Company during the last three year. For further details pertaining to change in name of the Company and changes in Memorandum of Association of the Company please refer to the section titled '*History and Other Corporate Matters*' beginning on page 129 of this Red Herring Prospectus.
16. Except, as disclosed in the chapter titled "*Capital Structure*" beginning on page 23 of this Red Herring Prospectus, our Promoters nor our Directors have purchased or sold any Equity Shares, during a period of six months preceeding the date on which this Red Herring Prospectus is filed with SEBI.
17. We and the BRLMs are obliged to keep this Red Herring Prospectus updated and inform the public of any material change / development until the listing and trading of the Equity Shares offered under the Issue commences.
18. None of our Promoter Group, Group Entities, Promoters, Directors and their relatives have entered into any financing arrangement or have financed the purchase of securities of our Company during the last six months prior to the date of filing of the Red Herring Prospectus.

## SECTION III - INTRODUCTION

### SUMMARY

#### INDUSTRY OVERVIEW

*The information presented in this section, some of which is produced in this Red Herring Prospectus has been extracted from publicly available documents and reports prepared by professional organizations and analysts and from other external sources including CRISIL Research Readymade Garments Annual Review –2009), Ministry of Textiles, Annual Report – 2007-08, Ministry of Textiles, Annual Report – 2008-09, Office of Textiles and Apparel (Otexa, USA), Report of the working group on textile and jute industry for 11th five year plan – 2007-2012, Ministry of Textiles These sources have not been prepared or independently verified by the Company, the Book Running Lead Managers or any of their respective affiliates or advisors and the Company and the Book Running Lead Managers make no representation as to the accuracy or completeness of the information provided in these sources.*

#### **Crisil Research Disclaimer**

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#### **Overview of the Indian Textile Industry**

The Indian textile industry is one of the oldest and most significant industries in the country. In 2008-09, the textile sector accounted for nearly 4% of the GDP and 14% of the industrial production. It is also a significant foreign exchange earner, contributing to around 17% of India's total exports. The textile sector is also the second largest employment generator after agriculture, providing employment to 35 million people directly. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

*(Source: Ministry of Textiles, Annual Report – 2008-09)*

The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms / hosiery and knitting sectors form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country. The major sub-sectors that comprise the textiles sector include the organized Cotton / Man-Made Fibre Textiles Mill Industry, the Man-made Fibre / Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

The Government has also provided industry a conducive policy environment and initiated schemes which have facilitated the growth of the industry. The Technology Upgradation Fund Scheme (TUFS), the “flagship” Scheme of the Ministry of Textiles, was launched on April 1, 1999, with the objective to make funds available to the domestic textiles industry to upgrade the technology of existing units, and also to set up new units with state-of-the-art technology to enhance their viability and competitiveness in the domestic and international markets. Initially, the term of the Technology Upgradation Fund Scheme was upto March 31, 2004, and it was extended till March 31, 2007. Due to overwhelming response from the industry, the Government decided to extend the Scheme upto the XIth Five Year Plan, and reframed some of the financial and operational parameters in respect of new loans. In the Xth Five Year Plan (2002-07), Rs. 1,270 crores was earmarked for the scheme. However, the net utilisation of funds was Rs. 2,044.17 crores. The modified techno-financial parameters of the Scheme has lead to the infusion of capital investment into the textiles sector, and has helped it to capitalize on the vibrant and expanding global and domestic markets, through technology upgradation, cost effectiveness, quality production, efficiency and global competitiveness.



Apart from TUFS, the Government has also taken various initiatives to ensure growth of the Industry:

- 100 per cent FDI allowed through the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the small-scale industries sector in end-2000.
- The Technology Mission on Cotton has increased cotton production and reduced contamination levels
- Implementation of Scheme For Integrated Textiles Parks (SITP), to provide the industry with world-class infrastructure facilities for setting up their textiles units.

### **Outlook for the Indian Textile Industry**

#### **Textile sector to witness investments worth Rs. 206 billion by 2011-12**

CRISIL Research expects investments totaling to Rs.206 billion during the period 2009-10 to 2011-12 in textiles which includes segments such as Cotton yarn, Man Made Fibres (MMF), Ready-made garments (RMG) and weaving & processing. These investments are being supported by government incentives such as the TUFS and SITP scheme. Demand too is expected to recover after witnessing a sharp decline in 2008-09 following the worsening demand in key exporting destinations of US and Europe.

Nearly 50 per cent of these investments are projected to take place in the RMG segment with higher investments committed in the textile parks under SITP; while minimal investments of Rs 44 billion are expected in the spinning segment (owing to overcapacity). We foresee negligible investment within the MMF segment due to excess capacity build-up, slower demand and dropping operating rates. Our forecasts are based on our assessment of the current demand – supply situation and the availability of government support.

#### **Ready Made Garments Market (RMG)**

The Indian readymade garments (RMG) industry is highly fragmented in nature. There is intense competition among the players, both in the domestic as well as international (export) markets. However, the competition is not very intense in the designer wear and branded segments due to brand positioning and targeting the niche market. Thus, the garment industry can be classified into mass market and niche market. The competition in the exports market is more intense than in the domestic market, as Indian exporters face competition from low-cost producer countries like China, Pakistan, Vietnam, Sri Lanka, Bangladesh, etc, in the mass market. In the niche market, India faces competition from Germany, Italy and France, among other countries. Thus, to sustain in the mass market, companies need to have high volumes in order to benefit from economies of scale thereby making them cost competitive while players in the niche market can sustain with high-end fashion designs.

According to CRISIL Research, Readymade Garments industry (domestic and exports) is expected to grow at a compounded annual growth rate (CAGR) of 6.4 per cent to touch Rs 2,209 billion in 2014, from Rs 1,615 billion in 2009.

#### **Domestic Ready Made Garments market size to cross Rs 1,600 billion by 2014**

India's domestic RMG sales is expected to grow at a CAGR of 7.4 per cent to touch Rs 1,649 billion in 2014, from Rs 1155 billion in 2009, primarily due to increasing income levels. Also the rising preference for readymade garments vis-à-vis tailored garments will add to the opportunities for domestic apparel manufacturers. The growth in organised retailing, growing urbanisation and changing consumption pattern will further support the growth of the readymade garment industry.

#### **Garment exports to cross Rs 550 billion (\$ 12.0 bn) by 2014**

CRISIL Research expects the exports to grow at a CAGR 4.0 percent (in rupee terms) from Rs.460 billion in 2009 to Rs.560 billion by 2014. With the revival expected in the economies of US and EU from 2010, exports are expected to pick up and grow at a CAGR of 4.6 per cent. However, India faces stiff competition from other countries having low cost of production, especially China, Bangladesh and Vietnam. Intense price competition will continue to exert pressure on margins of exporters.

*(CRISIL Research Readymade Garments Annual Review –2009)*

## BUSINESS OVERVIEW

We are a vertically integrated textile and garment manufacturing company in India having presence across operations ranging from yarn dyeing to garment manufacturing. Our operations and facilities enable us to manufacture a wide variety of value-added fabrics and garments through our integrated operations comprising of dyeing of yarns and fabrics, weaving operations for fabrics, processing solutions for both, fabrics and garments, garment manufacturing, domain expertise in providing sampling and designing for both fabrics and garments.

Our major business segments include Textiles and Garments. Our focus is to capitalize on the vertical integration of our operations which would lead to reduction in cost of raw materials and enable us to achieve quality control and thereby result into higher profit margins from our garment business. We believe that we have achieved a high level of self-sufficiency in producing new designs and samples for our clients, which has helped us in enhancing our product portfolio and improving our adaptability to the latest trends. We have positioned ourselves as a multi-product, multi-fibre and multi-market player ensuring that our products include a diverse mix of fabrics and garments which caters to both, domestic as well as the international textile and garment markets.

For the financial year ended March 31, 2009 our sales was Rs. 46,325.17 lacs and our profit after tax was Rs. 3,647.92 lacs. Our sales have grown at a CAGR of 38.83% over the last three years and our PAT for the corresponding period has grown at a CAGR of 37.02%. For the nine month period ended December 31, 2009, our sales was Rs. 43,925.73 lacs and profit after tax was Rs. 2,856.45 lacs. The following table gives the breakup of revenues from our two main business segments, textiles and garments:

(Rs. In lacs)

Particulars	FY 2007		FY 2008		FY 2009		Nine month period ended December 31, 2009		CAGR (FY 2007 - FY 2009) (%)
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	
Textiles	16,794.60	69.88	29,328.25	72.07	30,867.68	66.63	35,870.17	81.66	35.57
Garments	7,239.09	30.12	11,365.69	27.93	15,457.49	33.37	8,055.57	18.34	46.13
<b>Total</b>	<b>24,033.69</b>	<b>100.00</b>	<b>40,693.94</b>	<b>100.00</b>	<b>46,325.17</b>	<b>100.00</b>	<b>43,925.73</b>	<b>100.00</b>	

We have four Textile manufacturing facilities at MIDC Tarapur which comprise of yarn dyeing, weaving and fabric processing.

Under textiles, we derive major share of our revenues from the sale of greige and finished fabrics. Textiles contributed 66.63% of our total revenues for FY 2009 and 72.07% of our total revenues for FY 2008. For the nine month period ended December 31, 2009, it contributed 81.66% of the total sales. For textiles we mainly cater to the domestic market which includes clients like Aditya Birla Nuvo (manufacturers of brands like Louis Phillipe, Van Heusen, Peter England, Allen Solly), Pantaloon Retail, ITC (manufacturer of brand Wills LifeStyle), Woodland, Liliput, Blackberry, Indian Terrain Clothing, Colorplus Fashion, PJJ Clothing India Limited (manufacturers of the brand Pepe in India), Turtle, Gini and Jony Limited and S-Oliver.

For the nine month period ended December 31, 2009, 93.43% of our total garment sales was exported by us world wide spanning across 25 countries and 5 continents of which the European markets constitute of 77.79% of the total export sales of garments. As of December 31, 2009, our export clientele constitutes almost 100 customers, which includes brands/labels and retail chains for garments including Tommy Hilfiger, Charles Vogeles, FCUK, RIP CURL, All Saints, Simint, Pepe Jeans, LAFUMA, Auchan, Ben Sherman, Valentino, Colin's and Newyorker.

Currently, in the domestic markets, we supply our garment products to Pantaloon, Lee Cooper, Aditya Birla Nuvo, Shopper Stop, PJJ Clothing India Limited (manufacturers of the brand Pepe in India), Wills LifeStyle and others.

## OUR COMPETITIVE STRENGTHS

### Integrated Operations and Economies of Scale

Our Company's operations are vertically integrated across textile and garment manufacturing in India having presence across operations ranging from yarn dyeing to garment manufacturing. By virtue of our integrated operations encompassing designing of fabrics and garments, dyeing of yarns, weaving and processing of fabrics, manufacturing of garments, surface ornamentation and embellishments, our company derives benefits of economies of scale and quality control. Our Company's production capacity in each

of its business processes provides advantages of economies of scale. We believe that our Company's high level of modernization, trained work force and managerial expertise results in a consistently high level of productivity while maintaining the quality of our products. Global buyers today are increasingly looking at consolidating their sourcing strategy. This would mean sourcing from fewer countries and fewer vendors. Our Company therefore, we believe, is a preferred vendor because of our size, integrated operations and modern facilities.

### **Diversified Domestic and International Customer base**

As on December 31, 2009, our total clientele consisted of more than 700 customers. We believe that we enjoy the confidence of our customers because of our ability to offer in-house designs and samples, timely responsiveness, and capacity to cater to various order sizes. Our overseas customers include brands like Tommy Hilfiger, Charles Voge, FCUK, RIP CURL, All Saints, Simint, Colin's, Pepe Jeans and LAFUMA. The total sales from the above named overseas customers for the fiscal 2009 and for the nine months period ended December 31, 2009 amounted to Rs. 3,590.33 lacs and Rs. 3,720.83 lacs, respectively, which constituted 7.75% and 8.47% of the total sales and 26.38% and 49.44% of the total exports sales, respectively for the said period. Our export sales are invoiced in a mix of currencies, and because of such diversification we are able to reduce the adverse impact of fluctuation in any particular currency.

### **In-house Product designing and development**

We believe that our ability to produce innovative designs is one of our major strengths and improves our competitiveness in the market. Our in-house designing team focuses on providing value-added design products by understanding the current fashion trends thereby helping us in procuring new as well as repeat orders. We have created a Style Lab & Textile Studio which comprises of the CAD/CAM software. As on July, 2009, we have an archive of over 100,000 designs in garments and more than 150,000 designs in woven fabrics, especially in the yarn dyed variety of fabrics. We also publish a half-yearly magazine showcasing more than 1,000 designs. We have developed 4 R&D centres for our yarn dyeing, fabric dyeing, weaving and garmenting operations each of which has a dedicated team for the same.

### **State of the art equipment and technology**

Our management believes that our Company's manufacturing technology is on par with global competitors. We have developed competency in the processing of fabrics. This is evident from our ability to produce a variety of finishes like water / oil / mosquito repellent finishes to anti-bacterial / takara finish including stain free / U.V. protector / quick dry finish *etc.*

### **An experienced management team with proven project management and implementation skills**

Our Management team consists of a mix of individuals with technical and commercial experience in the textile industry. We have implemented new textile projects which include processing, weaving and garmenting facilities.

### **Established Overseas Marketing Base**

Our Company, in the year 2005, had set up a liaison office at Paris, France. This office had been established with a goal of building our international image, strengthening our foothold in the European market by being in proximity to our customers based in Europe and thus, enabling us to anticipate the latest fashion trends worldwide and serve our customers more effectively.

### **Process and Quality Certifications**

Our company has always given priority to the processes followed and the quality of our products. In this endeavour we have obtained various quality certifications.

- Bureau of Indian Standards has issued IS/ISO 9001:2000 certification bearing no. QSC/L-7002712.1 dated January 01, 2008 to our weaving unit at Plot No. E- 33 for Quality Management System for manufacture and supply of Multifibre, Multicolour, Grey Fabric excluding designs as per ISO 9001-2000, valid upto October 28, 2010.
- Bureau of Indian Standards has issued IS/ISO 9001:2000 certification bearing no. WRO/QSC/L-7003433.0 dated March 18, 2009 to our Weaving House (Shirting Division) at Plot No. C-2 for Quality Management System Certification in respect of the products and/or services or processes, valid upto March 17, 2012.
- The certification body of TUV SUD Management Service GmbH Trading as TUV South Asia Private Limited has issued ISO 9001:2008 certification to our garment unit at Plot No. 26-A for application of Quality Management System for manufacture and supply of garments as per ISO 9001:2008 valid upto November 22, 2012.

- Our Bangalore unit mentioned above is also SA 8000:2008 certified whereby the certification body of TUV SUD Group has issued a certificate that the above garments manufacturing facility at Bangalore has established and applies a social accountability management system for manufacture and supply of ready made garments valid upto November 24, 2012.

### **Focus on garment business in overseas markets, especially female garments segment.**

We believe that the readymade garment segment has grown rapidly over the period of last 10 years. According to CRISIL Research, Readymade Garments industry (domestic and exports) is expected to grow at a compounded annual growth rate of 6.4% to touch Rs. 2,209 billion in 2014 from Rs. 1,615 billion in 2009. Further, the Government is offering initiatives for the Textile Industry, such as, TUFs, Increase in Duty Drawback/DEPB and Reduction in Bank Interest Rate on Working Capital Loan. In order to derive benefit from these opportunities, we have drawn up a plan to enhance our garment manufacturing capacity from the current 36.00 lacs pieces per annum to 83.00 lacs pieces per annum by setting up of new garment manufacturing facility at MIDC, Tarapur Maharashtra which is one of the objects of the Issue. For further details on the project and its present status, please refer to chapter titled “Objects of this Issue” beginning on page 42 of this Red Herring Prospectus. We believe that the increased scale of operations would improve our ability to execute large size orders, thus becoming the vendor of choice for greater number of customers. We also believe that female garment as a segment is growing as compared to before on account of increasing proportion of working females to the total female population.

### **Focus on strengthening apparel design and product development processes**

Design and related product development is an important focus area for our growth. Our strategy is to focus on the development of new designs and samples for our fabrics and garments. This activity is supported by our in-house design studio cum sampling unit which is equipped with design capabilities including softwares like CAD/CAM, thus enabling us to successfully convert our designs into fabrics and samples into final products. As of July, 2009, we had an archive of over 100,000 designs in garments and more than 150,000 in woven fabrics, especially in the yarn dyed variety of fabrics. We have developed competency in the processing of fabrics. This is evident from our ability to produce a variety of finishes like water / oil / mosquito repellent finishes to anti- bacterial / takara finish including stain free / U.V. protector / quick dry finish etc. Improved ability to create samples would help our customers in placing orders well in advance of a particular season. We plan to strengthen our capabilities in designing by continuously upgrading our design studios both in terms of human resources and technology. We plan to tap the hi-end readymade garment segment which will help us in maintaining higher sales realization for our final products.

### **Become a ‘Nominated Supplier’ to Global Customers**

Over the recent past, a trend that is emerging is that large global customers looking at increasing the efficiency of their supply chain by consolidating their vendors and relying on large vendors who would have the capability to service large volume orders on time and within stringent quality parameters. Our Company has invested in modern technology and equipment across all areas of its operations. We have set up a CDR/CBR Unit at Tarapur, Maharashtra and are planning to set up new facility as well as expand some of our current facilities as detailed in the chapter titled “Objects of this Issue” on page no. 42 of this Red Herring Prospectus. Our Company, with its capacities in design and manufacturing and with quality control practices, makes such sourcing easier for its customers. Therefore, as part of its growth strategy, our Company is making conscious efforts to move up the value chain with its customers and become a ‘nominated supplier’ to some of the global brands.

### **Mine Global / Domestic Relationships for New and Existing Business**

We believe that strong and sustainable relationships with our customers are the key to our success. We aim to continue to develop our relationships with our clients not only in terms of increased sales but also in terms of increased variety in products. We aim to achieve this by adding value to our client through quality, speed and reliability of our product delivery.

We also aim at developing relationships with new clients. This helps us in not only entering new markets but also in diversifying the sources of our revenues and reducing our dependence on a given set of customers.

### **Expanding Geographic Reach**

We export a major component of our garments production worldwide across 25 countries and 5 continents. Europe contributed 77.79% of our total garment export sales nine months period ended December 31, 2009 and it remains a major market of our Company’s exports. Our Company has, over a period of time, explored opportunities in other international markets; both for growth as well as to

de-risk itself from an over-dependence on a single export market. Our Company will continue exploring opportunities in various countries where it can supply value added textile products to enhance its geographic reach.

The domestic market also offers opportunities in term of sub-geographic penetration and product/market diversification. Our company will seek to grow its marketing reach domestically to explore hither to untapped markets and segments as part of its strategy to mitigate market risk and widen growth prospects.

### **Become an Employer of Choice**

We place particular emphasis on attracting and retaining the best talent in the industry. We have implemented various human resource programmes at every level in the organisation, which has helped in developing and retaining our talent pool. We believe it is imperative that we have a well trained and experienced pool of resources in order to execute our global strategy and manage the substantial business and capacity growth that is expected. We intend to continue attracting the appropriate level of talent on a global basis through the right mix of recruitment and retention strategies.

### **Cost cutting through improved efficiency of our operations**

We believe that as we grow and expand our operations, controlling costs becomes a critical factor for us in order to stay competitive. Our strategy to control our costs includes the following:

- Identify separate cost centers so as to monitor each of the major costs
- Benchmarking our costs with the international industry standards
- Controlling Raw Material costs through bulk purchases and negotiations with suppliers.
- Controlling consumption and wastage through effective supervision of the shop floor

### THIS ISSUE

<b>Equity Shares Offered:</b>	Public Issue of 83,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] per Equity Share including a share premium of Rs. [•] per Equity Share for cash aggregating Rs. [•] lacs.
<b>Of which</b>	
<b>A) Qualified Institutional Buyers Portion<sup>(1)</sup></b>	Not more than 41,50,000 Equity Shares in the Issue being 50% of the Issue, allocation on a proportionate basis out of which 5% (excluding Anchor Investor Portion) of the QIB portion or [•] Equity Shares in the Issue shall be available for allocation on a proportionate basis for Mutual Funds only (Mutual Funds Portion) and the balance Equity Shares in the Issue (shall be available for allocation to all QIB bidders, including Mutual Funds). The QIB portion includes Anchor Investor portion as defined in the section titled “Definitions and Abbreviations” on page i of this Red Herring Prospectus and our company may consider participation by Anchor Investors in the Issue for upto 12,45,000 Equity Shares in accordance with the applicable SEBI (ICDR) Regulations.
<b>B) Non-Institutional Portion<sup>(1)</sup></b>	Not less than 12,45,000 Equity Shares aggregating Rs. [•] lacs, constituting not less than 15% of the Issue that will be available for allocation on a proportionate basis to Non-Institutional Bidders.
<b>C) Retail Portion<sup>(1)</sup></b>	Not less than 29,05,000 Equity Shares aggregating Rs. [•] lacs constituting not less than 35% of the Issue that will be available for allocation on a proportionate basis to Retail Individual Bidders.
<b>Equity Shares outstanding prior to the Issue</b>	2,48,23,913 Equity Shares
<b>Use of Proceeds</b>	Please refer to the chapter titled ‘Objects of this Issue’ beginning on page no. 42 of this Red Herring Prospectus for additional information.

*Allocation to all categories, except Anchor Investor Portion, shall be made on a proportionate basis*

<sup>(1)</sup> Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of our Company in consultation with the BRLMs.

## SELECTED FINANCIAL INFORMATION

The following table sets forth summary financial information derived from our financial statements as of and for the nine month period ended December 31, 2009 and Fiscal years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005. As required by the SEBI (ICDR) Regulations, our financial statements as of and for the nine month Fiscal years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006, March 31, 2005 have been restated. The summary of financial information presented below should be read in conjunction with the chapters titled “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 167 and 197 respectively.

### Summary Statement of Profit and Loss as Restated

(Rs. in lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
<b>Income</b>						
Income from Operations (Refer to Annexure-IX )						
Manufacturing	43,836.30	46,203.45	40,591.73	23,876.63	18,023.55	12,489.96
Trading	89.43	121.72	102.21	157.06	111.24	166.46
<b>Total (A)</b>	<b>43,925.73</b>	<b>46,325.17</b>	<b>40,693.94</b>	<b>24,033.69</b>	<b>18,134.79</b>	<b>12,656.42</b>
<b>Expenditure</b>						
Raw Materials consumed	31,190.83	30,204.59	29,190.86	15,226.95	11,566.38	7,277.09
Cost of goods Traded	74.53	107.60	91.30	142.61	100.91	149.88
(Increase)/ Decrease in Inventories	(3,237.06)	(1,223.07)	(3,478.95)	(2,026.33)	(334.45)	(0.67)
Manufacturing Expenses	2,586.70	3,507.17	3,257.65	2,778.51	2,427.45	2,129.05
Employees' Remuneration & Benefits	2,451.01	2,872.72	2,155.66	1,475.95	989.78	584.10
Administrative and Other Expenses	1,206.61	1,627.26	1,693.63	1,662.46	1,332.86	1,031.95
Selling & Distribution Expenses	324.92	417.23	474.15	350.07	218.74	170.98
<b>Total (B)</b>	<b>34,597.54</b>	<b>37,513.50</b>	<b>33,384.29</b>	<b>19,610.22</b>	<b>16,301.67</b>	<b>11,342.38</b>
<b>EBIDTA (A-B)</b>	<b>9,328.19</b>	<b>8,811.67</b>	<b>7,309.65</b>	<b>4,423.47</b>	<b>1,833.12</b>	<b>1,314.04</b>
Other Income (Refer to Annexure-X )	(1,724.27)	(329.11)	465.73	102.88	647.12	123.97
Interest and Financial Charges	(1,972.76)	(1,757.14)	(1,451.94)	(794.54)	(284.26)	(230.69)
<b>Profit before depreciation, Tax &amp; Extraordinary Items</b>	<b>5,631.16</b>	<b>6,725.42</b>	<b>6,323.44</b>	<b>3,731.81</b>	<b>2,195.98</b>	<b>1,207.32</b>
Depreciation & Amortization	(1,295.64)	(1,120.93)	(916.86)	(746.71)	(319.70)	(267.54)
<b>Profit before Tax &amp; Extraordinary Items</b>	<b>4,335.52</b>	<b>5,604.49</b>	<b>5,406.58</b>	<b>2,985.10</b>	<b>1,876.28</b>	<b>939.78</b>
<b>Provision for Taxation</b>						
Current Tax	(485.74)	(630.35)	(1,351.21)	(317.16)	(160.86)	(110.76)
Deferred Tax	(993.33)	(1,285.31)	(493.35)	(704.84)	(488.79)	(188.37)
Fringe Benefit Tax	-	(33.78)	(31.64)	(20.00)	(14.00)	-
Taxation for Earlier Years	(7.13)	1.37	-	-	-	-
<b>Income of Earlier Years</b>	-	-	-	-	-	0.46
<b>Profit after Tax before extraordinary Items as per Audited Accounts</b>	<b>2,849.32</b>	<b>3,656.42</b>	<b>3,530.38</b>	<b>1,943.10</b>	<b>1,212.63</b>	<b>641.11</b>



<b>Extraordinary Items</b>	-	-	-	-	-	-
<b>Profit after Tax after extraordinary Items as per Audited Accounts</b>	<b>2,849.32</b>	<b>3,656.42</b>	<b>3,530.38</b>	<b>1,943.10</b>	<b>1,212.63</b>	<b>641.11</b>
Adjustments	7.13	(8.50)	1.37	-	-	(0.46)
Current Tax Impact for Adjustments	-	-	-	-	-	-
Deferred Tax Impact for Adjustments	-	-	-	-	-	-
<b>Net Profit As Restated</b>	<b>2,856.45</b>	<b>3,647.92</b>	<b>3,531.75</b>	<b>1,943.10</b>	<b>1,212.63</b>	<b>640.65</b>
<b>Appropriations</b>						
Add: Balance brought from previous year	9,827.61	6,921.18	4,080.92	2,402.27	1,424.16	915.15
Transfer to General Reserve	-	450.00	400.00	25.00	25.00	25.00
Provision for Dividend	-	249.15	249.15	210.00	183.75	94.32
Tax on Dividend	-	42.34	42.34	29.45	25.77	12.32
<b>Balance carried Forward</b>	<b>12,684.06</b>	<b>9,827.61</b>	<b>6,921.18</b>	<b>4,080.92</b>	<b>2,402.27</b>	<b>1,424.16</b>

### Summary Statement of Assets and Liabilities as Restated

(Rs. in lacs)

Particulars	As at December 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005
<b>Fixed Assets</b>						
Gross Block	41,443.87	36,030.36	24,228.63	16,327.79	14,527.33	5,484.80
Less: Depreciation	5,349.47	4,066.23	2,948.76	2,129.81	1,442.45	1,145.99
<b>Net Block</b>	<b>36,094.40</b>	<b>31,964.13</b>	<b>21,279.87</b>	<b>14,197.98</b>	<b>13,084.88</b>	<b>4,338.81</b>
Less: Revaluation Reserve	-	-	-	-	-	-
<b>Net Block after adjustment for Revaluation Reserve</b>	<b>36,094.40</b>	<b>31,964.13</b>	<b>21,279.87</b>	<b>14,197.98</b>	<b>13,084.88</b>	<b>4,338.81</b>
Capital Work in Progress	54.70	-	322.60	1,848.13	1,667.70	928.67
<b>Total (A)</b>	<b>36,149.10</b>	<b>31,964.13</b>	<b>21,602.47</b>	<b>16,046.11</b>	<b>14,752.58</b>	<b>5,267.48</b>
<b>Investments (B) (Refer to Annexure- XVII )</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
<b>Current Assets, Loans and Advances</b>						
Inventories	17,945.52	13,726.07	9,036.23	4,948.68	2,523.47	1,447.69
Sundry Debtors (Refer to Annexure-V )	9,624.55	4,078.09	3,146.79	2,936.19	1,969.64	1,897.21
Cash and Bank Balances	733.80	559.30	214.90	233.97	173.94	129.92
Loans and Advances (Refer to Annexure-VI )	4,377.41	4,660.26	5,415.31	1,641.57	1,594.01	1,029.24
<b>Total (C )</b>	<b>32,681.28</b>	<b>23,023.72</b>	<b>17,813.23</b>	<b>9,760.41</b>	<b>6,261.06</b>	<b>4,504.06</b>
<b>Total Assets D =(A+B+C)</b>	<b>68,830.43</b>	<b>54,987.90</b>	<b>39,415.75</b>	<b>25,806.57</b>	<b>21,013.69</b>	<b>9,771.59</b>
<b>Liabilities and Provisions</b>						
Secured Loans (Refer to Annexure-VII )	35,647.79	30,534.89	21,460.92	15,647.37	13,648.46	4,586.67
Unsecured Loans (Refer to Annexure –VIII )	2,740.70	1,281.64	1,301.19	478.78	507.13	112.98

Deferred Tax Liability (Refer to Annexure-IV-C)	4,609.46	3,616.13	2,330.82	1,837.47	1,132.63	643.83
Sundry Creditors	6,538.92	3,870.74	2,394.21	1,726.16	1,247.88	518.31
Other Current Liabilities	555.34	2,024.08	1,036.76	596.77	750.58	1,151.90
Provisions	313.85	324.50	912.36	96.86	7.50	41.50
<b>Total Liabilities (E)</b>	<b>50,406.06</b>	<b>41,651.98</b>	<b>29,436.26</b>	<b>20,383.41</b>	<b>17,294.18</b>	<b>7,055.19</b>
<b>Net Worth (D-E)</b>	<b>18,424.37</b>	<b>13,335.92</b>	<b>9,979.49</b>	<b>5,423.16</b>	<b>3,719.51</b>	<b>2,716.40</b>
<b>Net Worth Represented By</b>						
Equity Share Capital (I)	2,482.39	1,132.50	1,132.50	1,050.00	1,050.00	1,050.00
Reserves and Surplus (Refer to Annexure - A)	15,941.98	12,203.42	8,846.99	4,373.16	2,669.51	1,666.40
Less: Revaluation Reserve	-	-	-	-	-	-
Reserve Net of Revaluation Reserve (II)	15,941.98	12,203.42	8,846.99	4,373.16	2,669.51	1,666.40
<b>Net Worth (I+II)</b>	<b>18,424.37</b>	<b>13,335.92</b>	<b>9,979.49</b>	<b>5,423.16</b>	<b>3,719.51</b>	<b>2,716.40</b>

#### SUMMARY STATEMENT OF CASH FLOW, AS RESTATED

(Rs. in Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
<b>Cash Flow from Operating Activities</b>						
Profit Before Tax As Per Audited Accounts	4,335.52	5,604.49	5,406.58	2,985.10	1,876.28	940.24
<b>Adjustments for:</b>						
Depreciation & Amortization	1,295.64	1,120.93	916.86	746.71	319.70	267.54
(Profit) on Sale of Fixed Assets	-	(2.22)	(331.56)	(0.97)	(479.52)	(0.40)
Loss on Sale of Fixed Assets	7.88	4.58	72.35	29.90	12.64	0.04
Finance cost	1,972.76	1,757.14	1,451.94	794.54	284.26	230.69
<b>Operating Profit before Working Capital Changes</b>	<b>7,611.80</b>	<b>8,484.92</b>	<b>7,516.17</b>	<b>4,555.28</b>	<b>2,013.36</b>	<b>1,438.11</b>
<b>Adjustments for:</b>						
(Increase) / Decrease in Inventories	(4,219.46)	(4,689.84)	(4,087.55)	(2,425.21)	(1,075.78)	(228.61)
(Increase)/ Decrease in Sundry Debtors	(5,546.45)	(931.30)	(210.60)	(966.55)	(72.43)	81.32
(Increase)/ Decrease in Loans & Advances	282.85	755.05	(3,773.74)	(47.56)	(564.77)	(343.96)
Increase/(Decrease) in Sundry Creditors	2,668.18	1,476.53	668.05	478.28	729.57	16.05
Increase/(Decrease) in Other Liabilities	(1,468.75)	1,465.81	113.48	(20.40)	(728.97)	776.43
<b>Cash Generated from Operations</b>	<b>(671.83)</b>	<b>6,561.17</b>	<b>225.81</b>	<b>1,573.84</b>	<b>300.98</b>	<b>1,739.33</b>
Tax Paid	(496.39)	(1,351.86)	(658.73)	(247.81)	(208.87)	(69.25)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(1,168.22)</b>	<b>5,209.30</b>	<b>(432.92)</b>	<b>1,326.03</b>	<b>92.11</b>	<b>1,670.08</b>
<b>Cash Flow from Investing Activities</b>						
Purchase of fixed Assets	(5,574.96)	(11,732.14)	(7,838.46)	(2,262.70)	(10,111.61)	(3,045.58)

Investment / Withdrawal in / from Fixed Deposit	(105.24)	1.00	194.86	(195.96)	-	-
Proceeds of disposal of Fixed Assets	86.48	247.19	1,624.45	193.53	773.69	18.99
Proceeds from Investments	-	-	-	-	-	0.25
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(5,593.72)</b>	<b>(11,483.95)</b>	<b>(6,019.15)</b>	<b>(2,265.13)</b>	<b>(9,337.92)</b>	<b>(3,026.34)</b>
<b>Cash Flow from Financing Activities</b>						
Proceeds from Issue of Share Capital	2,500.00	-	1,622.55	-	-	475.90
Increase in Working Capital Loans	(2,696.52)	2,834.09	2,138.27	644.27	1,663.23	(315.05)
Proceeds from Unsecured Loans	1,459.06	(19.55)	822.41	(28.35)	394.15	(394.78)
Proceeds from Long Term Borrowings	7,809.41	5,761.39	3,999.54	1,221.24	7,726.23	1,987.33
Miscellaneous Expenditure w/off	(267.99)	-	(304.22)	-	-	-
Dividend Paid (Inclusive of Dividend Tax)	-	(198.75)	(198.75)	(239.45)	(209.52)	(184.52)
Interest Paid	(1,972.76)	(1,757.14)	(1,451.94)	(794.54)	(284.26)	(230.69)
<b>Net Cash Flow from Financing Activities ( C )</b>	<b>6,831.20</b>	<b>6,620.04</b>	<b>6,627.86</b>	<b>803.17</b>	<b>9,289.83</b>	<b>1,338.19</b>
<b>Net (Decrease) / Increase in cash and cash equivalents (A+B+C)</b>	<b>69.26</b>	<b>345.40</b>	<b>175.79</b>	<b>(135.93)</b>	<b>44.02</b>	<b>(18.07)</b>
Cash & Cash Equivalents at the beginning of the Year (D)	559.20	213.80	38.01	173.94	129.92	147.99
Cash & Cash Equivalents at the End of the Year (E)	628.46	559.20	213.80	38.01	173.94	129.92
<b>Net (Decrease) / Increase in cash and cash equivalents (E-D)</b>	<b>69.26</b>	<b>345.40</b>	<b>175.79</b>	<b>(135.93)</b>	<b>44.02</b>	<b>(18.07)</b>

## GENERAL INFORMATION

### Name and Registered Office of our Company

#### Mandhana Industries Limited

Plot number C-3, MIDC,  
Tarapur Industrial Area,  
Boisar,  
Thane-401 506,  
Maharashtra,  
India.  
**Tel No.:** +91-2525-272228/29  
**Fax No.:** +91-2525-260251

### Corporate Office of our Company

#### Mandhana Industries Limited

205/214, Peninsula Centre,  
Dr. S.S. Rao Road,  
Off Dr. Ambedkar Road,  
Parel (East),  
Mumbai – 400 012,  
Maharashtra,  
India.  
**Tel. No.:** +91 22-4353 9191  
**Fax No.:** +91 22-4353 9218  
**Email:** ipo@mandhana.com  
**Website:** www.mandhana.com

Our Company is registered with the Registrar of Companies, Mumbai at Maharashtra with Registration Number 11-33553 of 1984 and CIN is U17120MH1984PLC033553.

The address of the RoC is as follows:

#### Registrar of Companies, Mumbai

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

### Board of Directors

Our Board of Directors as on the date of filing this Red Herring Prospectus with RoC is as follows:

Sr. No.	Names of the Directors	Designation
1.	Mr. Purushottam Mandhana	Chairman-cum-Managing Director
2.	Mr. Manish Mandhana	Executive Joint Managing Director
3.	Mr. Biharilal Mandhana	Executive Director
4.	Mr. Sanjay Asher	Non Executive Director
5.	Mr. Ghyanendra Nath Bajpai	Independent Director
6.	Mr. Ernst Robin Cornelius	Independent Director
7.	Mr. Khurshed Thananwala	Independent Director
8.	Mr. Ajay Joshi	Independent Director

For a detailed profile of our Board of Directors, please refer to the chapter titled ‘Our Management’ beginning on page no. 137 of this Red Herring Prospectus.

### **Company Secretary and Compliance Officer**

**Mr. Vinay Sampat**

205/214, Peninsula Centre,  
Dr. S.S. Rao Road, Off Dr. Ambedkar Road,  
Parel (East),  
Mumbai – 400 012,  
Maharashtra,  
India.

**Tel. No.:** + 91 22 4353 9346

**Fax No.:** + 91 22 4353 9358

**Email:** cs@mandhana.com

*Investors can contact the Compliance Officer and / or the Registrar to the Issue and/or the Book Running Lead Managers to the Issue i.e. Mr. Vinay Sampat and / or Link Intime India Private Limited and / or Edelweiss Capital Limited/ or Axis Bank Limited, in case of any pre-Issue or post-Issue problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.*

### **Book Running Lead Managers to the Issue**

**Edelweiss Capital Limited**

14th Floor, Express Towers  
Nariman Point  
Mumbai – 400 021,  
Maharashtra,  
India

**Tel. No.:** +91 22 4086 3535

**Fax No.:** +91 22 4086 3610

**E-mail:** mandhana.ipo@edelcap.com

**Investor Grievance ID:** customerservice.mb@edelcap.com

**Website:** www.edelcap.com

**Contact Person:** Ms. Dipti Samant / Mr. Viral Shah

**SEBI Registration Number:** INM0000010650

**Axis Bank Limited**

Central Office, Maker Tower F, 11th Floor,  
Cuffe Parade, Colaba, Mumbai – 400 005  
Maharashtra, India

**Tel:** +91 22 6707 2217

**Fax:** +91 22 6707 1264

**Email:** project.mandhana@axisbank.com

**Investor Grievance ID:** axbmbd@axisbank.com

**Website:** www.axisbank.com

**Contact Person:** Mr. Rohit Shrivastava

**SEBI Registration Number:** INM000006104

### **Legal Advisors to this Issue**

**M/s. Crawford Bayley & Co.**

State Bank Buildings,  
4th floor  
N. G. N. Vaidya Marg  
Fort, Mumbai - 400 023,  
Maharashtra, India

**Tel. No.:** +91 22 2266 8000

**Fax No.:** +91 22 2266 0355

**E-mail:** sanjay.asher@crawfordbayley.com

**Registrar to this Issue**

**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound

LBS Road,

Bhandup (West)

Mumbai – 400 078,

Maharashtra,

India

**Tel. No.:** +91 22 2596 0320

**Fax No.:** +91 22 2596 0329

**Email:** mandhana.ipo@linkintime.co.in

**Website:** www.linkintime.co.in

**Contact Person:** Mr. Sachin Achar

**SEBI Registration Number:** INR000004058

**Bankers to our Company**

<p><b>1. State Bank of Patiala</b> Commercial Branch, Atlanta, Nariman Point, Mumbai – 400 021, Maharashtra, India <b>Tel. No.:</b> +91 22 5630 1006 / 5637 5701 <b>Fax No.:</b> +91 22 2283 2448/ 5637 5703 <b>Contact Person:</b> Mr. Hari Kumar <b>E-mail:</b> sbop313@rediffmail.com</p>	<p><b>2. Punjab National Bank</b> Centenary Building, 28, M.G Road, Bangalore- 560 001 Karnataka, India <b>Tel. No. :</b> +91 80 2559 5490 <b>Fax No. :</b> +91 80 2558 2515 <b>Contact Person:</b> Mr. S. Guha Roy <b>E-mail:</b> dgmlcb@yahoo.co.in</p>
<p><b>3. Bank of Maharashtra</b> Overseas Branch Mittal Court, A Wing, Nariman Point, Mumbai – 400 021, Maharashtra, India <b>Tel. No.:</b> +91 22 2204 5010 / 2288 0451 <b>Fax No.:</b> +91 22 2288 1845 <b>Contact Person:</b> Mr. Rajagopalan <b>E-mail:</b> bom1006@vsnl.com</p>	<p><b>4. HDFC Bank Limited</b> Kamala Mill Compound, S.B. Marg, Lower Parel, Mumbai – 400 013 Maharashtra, India <b>Tel. No.:</b> +91 22 2496 1616 <b>Fax No.:</b> +91 22 2496 1636 <b>Contact Person:</b> Mr. Avinash Kumar <b>E-mail:</b> AvinashRam.Kumar@hdfcbank.com</p>
<p><b>5. Corporation Bank</b> Industrial Finance Branch Bahrat House, No. 104, Ground Floor, Mumbai Samachar Marg, Fort, Mumbai – 400 023 Maharashtra, India <b>Tel. No.:</b> +91 22 2267 7088 / 2267 2476 <b>Fax No.:</b> +91 22 2267 5309 <b>Contact Person:</b> Mr. P.V Chandrashekar <b>E-mail:</b> cb443@corpbank.co.in</p>	<p><b>6. Axis Bank Limited.</b> Maker Towers ‘F’, 11<sup>th</sup> Floor, Cuffe Parade, Coloba, Mumbai 400 005 <b>Tel. No.:</b> +91 22 6707 1720 <b>Fax No.:</b> +91 22 6707 1264 <b>Contact Person:</b> Mr. M. Raghuraman <b>E-mail:</b> m.raghuraman@axisbank.com</p>
<p><b>7. Indian Bank</b> No. 1 Sane Guruji Premises, 386, Vir Savarkar Marg, Opp. Siddhivinayak Temple, Prabhadevi,</p>	<p><b>8. Standard Chartered Bank</b> 2<sup>nd</sup> Floor, 270, D.N. Road, Fort, Mumbai – 400 001 Maharashtra,</p>



<p>Mumbai- 400 025 Maharashtra, India <b>Tel. No.:</b> +91 22 2421 8437 <b>Fax No.:</b> +91 22 2437 5785 <b>Contact Person:</b> Mr. Subir Raybarman <b>E-mail:</b> prabhadevi@indianbank.co.in</p>	<p>India <b>Tel. No.:</b> +91 22 2219 8646 <b>Fax No.:</b> +91 22 2201 9208 <b>Contact Person:</b> Mr. Niraj Khowala <b>E-mail:</b> niraj.khowala@instandardchartered.com</p>
<p><b>9. Andhra Bank</b> Fort Branch, Nanavati Mahalaya, 18, Homi Modi Street, Fort, Mumbai – 400 023 Maharashtra, India <b>Tel. No.:</b> +91 22 2204 7626 /2204 6160 <b>Fax No.:</b> +91 22 2204 4535 <b>Contact Person:</b> Mr. Dilip Kumar <b>E-mail:</b> bmmum051@andhrabank.co.in</p>	<p><b>10. ICICI Bank Limited.</b> ICICI Bank Towers Bandra – Kurla Complex, Mumbai – 400 051 Maharashtra, India <b>Tel. No.:</b> +91 22 2653 8987 <b>Fax No.:</b> +91 22 2653 1089 <b>Contact Person:</b> Mr. Amit Singhal <b>E-mail:</b> amit.singhal@icicibank.com</p>
<p><b>11. DBS Bank Limited.</b> 3<sup>rd</sup> Floor, Fort House, 221, D.N. Road, Fort, Mumbai – 400 001 Maharashtra, India <b>Tel. No.:</b> +91 22 5638 8888 <b>Fax No.:</b> +91 22 5638 8899 <b>Contact Person:</b> Ms. Bastavee Barooah <b>E-mail:</b> bastavee@db.com</p>	<p><b>12. HSBC Bank</b> HSBC Trade Services, 1st floor, Veer Nariman Road, Fort, Mumbai- 400 001 Maharashtra, India <b>Tel. No.:</b> +91 22 6616 1731 <b>Fax No.:</b> +91 22 6653 6011 <b>Contact Person:</b> Ms. Ekta Parnami <b>E-mail:</b> ektaparnami@hsbc.co.in</p>
<p><b>13. State Bank of India</b> Greesham House, Sir P. M Road, Mumbai- 400 001 Maharashtra, India <b>Tel. No.:</b> +91 22 2261 6159 <b>Fax No.:</b> +91 22 2261 2554 <b>Contact Person:</b> Mr. Janardan N. Deshmukh <b>E-mail:</b> sbi.60113@sbi.co.in</p>	<p><b>14. Bank of Baroda</b> 1st Floor, 3, Walchand Hirachand Marg, Ballard Pier, Mumbai- 400 001 Maharashtra, India <b>Tel. No.:</b> +91 22 4340 7302 <b>Fax No.:</b> +91 22 2261 0413 <b>Contact Person:</b> Mr. Rajesh Malhotra <b>E-mail:</b> cfsbal@bankofbaroda.com</p>

**Bankers/Escrow Collection Bank(s) to this Issue**

**AXIS Bank Limited**

Jeevan Prakash Building,  
Sir, P. M. Road,  
Fort, Mumbai - 400 001  
Tel. No.: +91 22 6610 7353  
**Fax No.:** +91 22 6610 7293  
**Contact Person:** Mr. Rajesh Khandelwal  
**E-mail:** rajesh.khandelwal@axisbank.com  
**Website:** www.axisbank.com

**Standard Chartered Bank**

270, D.N. Road,  
Fort, Mumbai- 400 001  
Tel. No.: +91 22 2268 3955

**Fax No.:** +91 22 2209 2216  
**Contact Person:** Mr. Joseph George  
**E-mail:** Joseph.George@sc.com  
**Website:** www.standardchartered.co.in

**ICICI Bank Limited**

Capital Markets Division,  
30, Mumbai Samachar Marg,  
Fort, Mumbai-400 001  
**Tel. No.:** +91 22 6631 0311/12  
**Fax No.:** +91 22 2261 1138/ 2262 7660  
**Contact Person:** Mr. Viral Bharani  
**E-mail:** viral.bharani@icicibank.com  
**Website:** www.icicibank.com

**Syndicate Member(s)**

**Edelweiss Securities Limited,**

2<sup>nd</sup> Floor, MB Towers,  
Plot No. 5, Road No. 2,  
Banjara Hills,  
Hyderabad-500034  
Andhra Pradesh  
**Tel. No.:** +91 22 67471342  
**Fax No.:** +91 22 67471347  
**E-mail:** mandhana.ipo@edelcap.com  
**Contact Person:** Mr. Prakash Boricha  
**Website:** www.edelcap.com  
**SEBI Registration Number:** INB231193310 (NSE)/ INB01193332 (BSE)

**Self Certified Syndicate Banks**

The SCSB's as per updated list available on SEBI's website (www.sebi.gov.in)

**Refund Banker(s)**

**AXIS Bank Limited**

Jeevan Prakash Building,  
Sir, P. M. Road,  
Fort, Mumbai - 400 001  
**Tel. No.:** +91 22 6610 7353  
**Fax No.:** +91 22 6610 7293  
**Contact Person:** Mr. Rajesh Khandelwal  
**E-mail:** rajesh.khandelwal@axisbank.com  
**Website:** www.axisbank.com

**Statutory Auditors**

**Vishal H. Shah & Associates, Chartered Accountants**

A-302, Kailas Esplanade,  
LBS Marg,  
Opp. Shreyas Cinema,  
Ghatkopar West,  
Mumbai – 400086  
Maharashtra,  
India  
**Tel No.:** +91 22 32516269  
**E-mail:** vishalhs@rediffmail.com

**Membership Number:** 101231

**Independent Auditor (Peer Review Certified)\***

**Ashra & Company, Chartered Accountants**

D-102, Kailash Esplande,

LBS Marg,

Ghatkopar (West),

Mumbai- 400 086

**Tel No.:** +91 22 2500 1872

**Fax No.:** +91 22 2500 1591

**Contact Person:** Mr. M.L. Ashra

**E-mail:** ashra@vsnl.com

\*Ashra & Company holds a Peer Review Certificate dated May 06, 2009, issued by the Institute of Chartered Accountants of India, New Delhi.

**Interse Responsibilities of the BRLMs**

S. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	Edelweiss, Axis	Edelweiss
2.	Due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting and design of the offer document and of statutory advertisement including memorandum containing salient features of the offer document. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of the Prospectus and RoC filing of the same.	Edelweiss, Axis	Edelweiss
3.	Drafting and approval of all publicity material, other than statutory advertisement as mentioned in (2) above but including corporate advertisement, brochure, corporate films, FAQs in relation to the issue, etc.	Edelweiss, Axis	Edelweiss
4.	Appointment of intermediaries viz. Lawyers, Registrar, Grading Agency Advertising Agency and Bankers to the Issue	Edelweiss, Axis	Axis
5.	Appointment of Printers	Edelweiss, Axis	Edelweiss
6.	Preparation of Road Show presentation & FAQs	Edelweiss, Axis	Edelweiss
7.	Institutional Marketing Strategy <ul style="list-style-type: none"> <li>• Domestic Institutional</li> </ul>	Edelweiss, Axis	Axis
8.	Institutional Marketing Strategy <ul style="list-style-type: none"> <li>• International Institutional</li> </ul>	Edelweiss, Axis	Edelweiss

S. No.	Activities	Responsibility	Co-ordinator
9.	<p>Non-Institutional and Retail Marketing of the Issue, which will cover, inter alia:</p> <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget;</li> <li>Finalising media and PR strategy;</li> <li>Finalising centres for holding conferences for brokers etc.;</li> <li>Finalising collection centres; and</li> <li>Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material.</li> <li>Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading.</li> </ul>	Edelweiss, Axis	Edelweiss
10.	Finalisation of pricing in consultation with the Company	Edelweiss, Axis	Edelweiss
11.	The Post-Bidding activities including management of escrow accounts, follow-up with bankers to the issue, co-ordination non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Issue activities will involve essential follow up steps, which include the finalisation of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Issue, Bankers to the Issue, Self Certified Syndicate Banks and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	Edelweiss, Axis	Axis

### Credit Rating

As this is an Issue of Equity Shares, credit rating is not required for this Issue.

### IPO Grading

The Issue has been graded by CRISIL Limited as “IPO Grade 3/5” *vide* letter dated November 17, 2009 and revalidated *vide* letter dated March 18, 2010, indicating “average fundamentals”. For more information on IPO Grading please refer to Annexure A and the section titled “Other Regulatory and Statutory Disclosures” on page no. 347 and 233 respectively, of this Red Herring Prospectus.

### Expert Opinion

Except the report of CRISIL Limited in respect of the IPO grading of this Issue and Ashra & Company, the Independent Auditor who is Peer Review Certified in respect of the Restated Audited Report annexed herewith, the Company has not obtained any expert opinions.

### Trustees

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

### Monitoring Agency

A monitoring agency is not required to be appointed in terms of sub-regulation (1) of Regulation 16 of the SEBI (ICDR) Regulations. The Board of Directors of our Company will monitor the use of the proceeds of this Issue.

### Appraisal Entity

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

### **Book Building Process**

Book Building refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus, which is based on the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) Our Company,
- (2) Book Running Lead Managers in this case being Edelweiss Capital Limited and Axis Bank Limited,
- (3) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The BRLMs shall appoint the Syndicate Members,
- (4) Registrar to this Issue, and
- (5) Escrow Collection Bank(s).
- (6) Self Certified Syndicate Banks

The SEBI (ICDR) Regulations, have permitted an issue of securities to the public through the 100% Book Building Process, wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIBs) including upto 5 % of the QIB portion (excluding Anchor Investor Portion) that shall be available for Allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB bidders, including Mutual Funds. The QIB portion includes Anchor Investor portion as defined in the section titled “ Definitions and Abbreviations” on page i of this Red Herring Prospectus and our company may consider participation by Anchor Investors in the Issue for upto 12,45,000 Equity Shares in accordance with the applicable SEBI (ICDR) Regulations. Further, not less than 15% of the Issue shall be available for Allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Our Company will comply with the SEBI (ICDR) Regulations for this Issue. In this regard, our Company has appointed the BRLMs to manage and procure subscriptions to the Issue.

**QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are required to pay at least 10% Margin Amount upon submission of their Bid. For further details, please refer to the chapters titled ‘Terms of this Issue’ and ‘Issue Procedure’ beginning on page nos. 248 and 251, respectively, of this Red Herring Prospectus.**

**Retail Individual Bidders and Non-Insitutional Bidders have the option to submit their Bids under the “ASBA Process”, which would entail blocking of funds in the investor’s bank account rather than transfer of funds to the respective Escrow Accounts. For details, please refer chapter titled “Issue Procedure” beginning on page 251 of the Red Herring Prospectus.**

#### **Steps to be taken by the Bidders for bidding:**

- Check eligibility for making a bid (for further details, please refer to the paragraph on ‘Who can Bid’ beginning on page no. 252 of this Red Herring Prospectus);
- Bidders necessarily need to have a demat account and ensure that the demat account details are correctly mentioned in the Bid Cum Application Form;
- Ensure that the Bid Cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid Cum Application Form;
- **Bids by QIBs will only have to be submitted to the BRLM**
- Ensure that the Bid Cum Application Form contains the the Permanent Account Number. For further details, please refer to the chapter titled ‘Issue Procedure’ beginning on page no. 251 of this Red Herring Prospectus. Bidders are specifically requested not to submit their GIR number instead of the PAN as the Bid is liable to be rejected.

**Illustration of Book Building and Price Discovery Process** (*Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue*)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 200 to Rs. 240 per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE

(www.nseindia.com) during the Bidding Period. The illustrative book as shown below shows the demand for the shares at various prices and is collated from bids from various investors.

Number of Equity Shares Bid for	Bid Price (Rs.)	Cumulative Equity Shares Bid for	Subscription
500	240	500	16.67%
1000	230	1500	50.00%
1500	220	3000	100.00%
2000	210	5000	166.67%
2500	200	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off *i.e.*, Rs. 220 in the above example. The Issuer, in consultation with the BRLM will finalize the issue price at or below such cut off price *i.e.* at or below Rs. 220. All bids at or above this issue price and cut off bids are valid bids and are considered for Allocation in respective category.

## Bid/Issue

### Bidding /Issue Period\*

<b>BID/ISSUE OPENS ON</b>	APRIL 27, 2010
<b>BID/ISSUE CLOSES ON</b>	APRIL 29, 2010

\* The Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids shall be accepted until 3.00 p.m. and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times mentioned in the Red Herring Prospectus are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM, Syndicate Members and the SCSB will not be responsible. Bids will be accepted only on Business Days, *i.e.*, Monday to Friday (excluding any public holidays).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Bidders after taking into account the total number of Bids received upto the closure of the time period for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLMs to the Stock Exchange within half an hour of such closure.

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLMs and at the terminals of the Syndicate. In the event of any revision in the Price Band, whether



upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

### Withdrawal of the Issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid / Issue Closing Date, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

If the issuer withdraws the issue after closure of bidding, the issuer shall be required to file a fresh draft offer document with the Board.

### Underwriting

After the determination of the Issue Price but prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member(s) do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. lacs)
<b>Edelweiss Capital Limited</b> 14th floor, Express Towers, Nariman Point, Mumbai – 400 021 <b>Tel No.:</b> +91 22 4086 3535 <b>Fax No.:</b> +91 22 2288 2119 <b>E-mail:</b> mandhana.ipo@edelcap.com	[●]	[●]
<b>Axis Bank Limited</b> Central Office, Maker Tower F, 11th Floor, Cuffe Parade, Colaba, Mumbai – 400 005 <b>Tel:</b> +91 22 6707 1312 <b>Fax:</b> +91 22 6707 1264 <b>Email:</b> project.mandhana@axisbank.com	[●]	[●]
<b>Edelweiss Securities Limited,</b> 2 <sup>nd</sup> Floor, MB Towers, Plot No. 5, Road No. 2, Bajara Hills, Hyderabad-500034 Andhra Pradesh <b>Tel. No.:</b> +91 22 67471342 <b>Fax No.:</b> +91 22 67471347 <b>E-mail:</b> mandhana.ipo@edelcap.com	[●]	[●]
<b>Total</b>	[●]	[●]

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

The above-mentioned amount is an indicative underwriting and would be finalised after pricing and actual Allocation. The above underwriting agreement is dated [●].

In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement will be presented for acceptance to the Board of Directors and our Company will issue letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Member(s) shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount, as specified in the underwriting agreement.

## CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Red Herring Prospectus with RoC is as set forth below.

Share Capital as on the date of filing of this Red Herring Prospectus	Amount in Rs.	
	Aggregate Value at Face Value	Aggregate Value at Issue Price
<b>A. Authorised Capital</b>	40,00,00,000	
3,99,90,000 Equity Shares of the face value of Rs. 10/- each	39,99,00,000	
10,000 Preference Shares of Rs. 10/- each	1,00,000	
<b>B. Issued, Subscribed and Paid-Up Capital before this Issue</b>		
2,48,23,913 Equity Shares of the face value of Rs. 10/- each	24,82,39,130	
<b>C. Present Issue to the public in terms of this Red Herring Prospectus</b>		
83,00,000 Equity Shares of the face value of Rs. 10/- each as Issue to the Public	8,30,00,000	[●]
<b>Of Which</b>		
QIB portion of upto 41,50,000** Equity shares of Rs. 10/- each ***	4,15,00,000	[●]
Non-Institutional portion of not less than 12,45,000 Equity shares of Rs. 10/- each ***	1,24,50,000	[●]
Retail portion of not less than 29,05,000 Equity shares of Rs. 10/- each***	2,90,50,000	[●]
<b>D. Issued, Subscribed and Paid-Up Capital after this Issue</b>		
3,31,23,913 Equity Shares of the face value of Rs. 10/- each outstanding after the issue	33,12,39,130	[●]
<b>E. Securities Premium Account</b>		
Before this Issue	21,17,94,637*	
After this Issue		[●]

\*On December 31, 2009 and March 31, 2008 our Company debited Rs.2,67,99,077/- and Rs. 3,04,21,651/- respectively towards miscellaneous expenses from Share Premium Account. Further, the bonus Equity Shares issued on August 21, 2009, were issued out of the share premium account by capitalising Rs.11,32,50,000.00.

\*\*5% (excluding Anchor Investor Portion) of the QIB portion, i.e. [●] Equity Shares, are available for Allocation on a proportionate basis to Mutual Funds, and the remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds. Up to 30% of the QIB Portion i.e. upto 12,45,000 Equity Shares, may be allocated by the Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.

\*\*\*Subject to valid Bids being received at or above the Issue Price, Under-subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

### Notes to the Capital Structure

#### 1. Details of increase in Authorised Share Capital since incorporation

Sr. No.	Particulars of increase	Date of Shareholders' meeting	AGM/EGM
1.	50,000 equity shares of Rs. 100 each aggregating to Rs. 50,00,000	Incorporation	-
2.	Changed from 50,000 equity shares of Rs. 100 each aggregating to Rs. 50,00,000/- to 1,00,000 equity shares of Rs. 100 each aggregating to Rs. 1,00,00,000/-	October 29, 1993	EGM
3.	Changed from 1,00,000 equity shares of Rs. 100 each aggregating to Rs. 1,00,00,000/- to 3,00,000 equity shares of Rs. 100 aggregating to	June 20, 1994	EGM

Sr. No.	Particulars of increase	Date of Shareholders' meeting	AGM/EGM
	Rs. 3,00,00,000/-		
4.	The Nominal value of the equity share was subdivided from Rs. 100 each to Rs. 10 each	January 28, 1995	EGM
5.	Changed from 3,00,000 equity shares of Rs. 100/- each aggregating to Rs. 3,00,00,000/- to 50,00,000 equity shares of Rs 10 each aggregating Rs. 5,00,00,000/-	January 28, 1995	EGM
6.	Changed from 50,00,000 equity shares of Rs. 10 each aggregating to Rs. 5,00,00,000/-by addition 7,40,000 equity shares of Rs. 10 each and 10,000 0% redeemable preference shares of Rs. 10 each aggregating to Rs. 5,75,00,000/-	March 6, 2003	EGM
7.	Changed from 57,40,000 equity shares of Rs. 10 each and 10,000 0% redeemable preference shares of Rs. 10 each aggregating to Rs. 5,75,00,000/- to 99,90,000 equity shares of Rs. 10 each and 10,000 0% redeemable preference shares of Rs. 10 each aggregating to Rs. 10,00,00,000/-	October 25, 2004	EGM
8.	Changed from 99,90,000 equity shares of Rs. 10 each and 10,000 0% redeemable preference shares of Rs. 10 each aggregating to Rs. 10,00,00,000/- to 1,49,90,000 equity shares of Rs. 10 and 10,000 0% redeemable preference shares of Rs. 10 each aggregating to Rs. 15,00,00,000/-	February 18, 2005	EGM
9.	Changed from 1,49,90,000 equity shares of Rs. 10 each and 10,000 0% redeemable preference shares of Rs. 10 each aggregating to Rs. 15,00,00,000/- to 1,99,90,000 equity shares of Rs. 10 each and 10,000 0% redeemable preference shares of Rs. 10 each aggregating to Rs. 20,00,00,000/-	July 2, 2007	EGM
10.	Changed from 1,99,90,000 equity shares of Rs. 10 and 10,000 0% redeemable preference shares of Rs. 10 each aggregating to Rs. 20,00,00,000/- to 3,99,90,000 equity shares of Rs. 10 each 10,000 0% redeemable preference shares of Rs. 10 each aggregating to Rs. 40,00,00,000/-	August 04, 2009	EGM

## 2. Share Capital History of our Company

Date of Allotment of the Equity Shares	No. of Equity Shares	Cumulative Number of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment	Cumulative Securities Premium Account	Cumulative Paid -up Capital (Rs.)
July 25, 1984	70	70	100	100	Cash	Subscription to Memorandum	-	7,000
October 21, 1985	19,000	19,070	100	100	Cash	Further allotment to Promoter, Promoter Group and relatives of Promoters	-	19,07,000
September 15, 1992	110	19,180	100	100	Cash	Further Allotment Promoter, Promoter Group and relatives of Promoters	-	19,18,000
October 05, 1993	30,820	50,000	100	100	Cash	Further Allotment Promoter, Promoter Group and relatives of Promoters	-	50,00,000
February 02,	50,000	1,00,000	100	100	Cash	Further Allotment	-	1,00,00,000

Date of Allotment of the Equity Shares	No. of Equity Shares	Cumulative Number of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment	Cumulative Securities Premium Account	Cumulative Paid -up Capital (Rs.)
1994						Promoter, Promoter Group and relatives of Promoters		
June 20, 1994	1,00,000	2,00,000	100	100	Cash	Further Allotment Promoter, Promoter Group and relatives of Promoters	-	2,00,00,000
<b>Sub-division of nominal value of Equity shares of our Company from Rs. 100 per Equity Share to Rs. 10 per Equity Share vide EGM dated January 28, 1995.</b>								
March 27, 1995	10,00,000	30,00,000	10	10	Cash	Further Allotment Promoter, Promoter Group and relatives of Promoters	-	3,00,00,000
March 31, 2001	2,50,000	32,50,000	10	10	Cash	Further Allotment Promoter, Promoter Group and relatives of Promoters	-	3,25,00,000
March 30, 2004	24,90,000	57,40,000	10	10	Cash	Further Allotment Promoter, Promoter Group and relatives of Promoters	-	5,74,00,000
February 18, 2005	47,60,000	1,05,00,000	10	10	Cash	Further Allotment Promoter, Promoter Group and relatives of Promoters	-	10,50,00,000
July 25, 2007	37,500***	1,05,37,500	10	175	Cash at a premium of Rs. 165/- each.	Preferential Allotment • Sanjay Gala • Amit Ramesh • Anil Parmar • Sushila Kothari • Anandji Gogri • Chetan Gogri • Mahavir Investment	61,87,500	10,53,75,000
	5,26,000***	1,10,63,500	10	150	Cash at a premium of Rs. 140/- each.	Preferential Allotment*	7,98,27,500	11,06,35,000
	11,500***	1,10,75,000	10	200	Cash at a premium of Rs. 190/- each.	Preferential Allotment • Dipanakar Purkayastha • Yogen Jerajani	8,20,12,500	11,07,50,000
March 19,	2,50,000	1,13,25,000	10	297.97	Cash at	Preferential		11,32,50,000

Date of Allotment of the Equity Shares	No. of Equity Shares	Cumulative Number of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment	Cumulative Securities Premium Account	Cumulative Paid-up Capital (Rs.)
2008					premium of Rs. 287.968/- each	Allotment to Structured Investment Limited	15,40,04,500	
August 21, 2009	1,13,25,000	2,26,50,000	10	Nil	Other than cash	Bonus Issue in the ratio 1:1	1,03,32,849**	226,500,000
September 15, 2009	21,73,913	2,48,23,913	10	115	Cash at premium of Rs. 105/- each	Preferential Allotment to Axis Bank Limited	23,85,93,714	24,82,39,130

\* The preferential allotment was made to Reynold Shirting Private Limited, Santosh Jhunjhunwala, Omprakash Shah, Meenadevi Shah, Divya Sheth, Usha Daga, Rupa Shah, Devmani Thacker, Champak Dedhia, Sheetal Vora, Sanjeev Mukhija, Leena Maru, Firdosh Mahuvawala, Hitendra Shah, Aruna Shah, Girish Shah, Jayshree Shah, Chanda Jaju, Devidas Bhutada, Arun Bhutada, Meena Bhutada, Sudarshan Bhayya, Sureshkumar Bhayya, Sharda Bhayya, Ashwin Mehta, Shailesh Mehta, Mangala Somani, Siddhivinayak Investment, Mahavir Investment.

\*\* On March 31, 2008 our Company debited Rs. 3,04,21,651/- towards miscellaneous expenses from Share Premium Account. Further, the bonus Equity Shares issued on August 21, 2009, were issued out of the share premium account by capitalising Rs. 11,32,50,000.00.

\*\*\* Total 575,000 Equity Shares were allotted on July 25, 2007, wherein, our Company had received share application monies at different price levels on separate dates for a total of 575,000 Equity Shares.

### 3. Details of Promoters Contribution and Lock-In

#### a. Capital built up of Promoters

Name of the Promoter	Date of Allotment	Consideration (cash, bonus, consideration other than cash)	Number of Equity Shares	Face Value per Equity Share (in Rs)	Issue/ Transfer price per Equity Share in Rs.	Mode of acquisition (Allotment/Transfer)
<b>Mr. Biharilal Mandhana</b>	June 20, 1994	Cash	1,00,000	10	10	Allotment
	March 23, 1995	Cash	35,000	10	15.50	Transfer from Mr. Babulal Mandhana
		Cash	15,000	10	15.50	Transfer from Mr. Satyanarayan Mandhana
	June 30, 2003	Cash	62,500	10	10	Transfer from Ms. Kavita Mandhana
		Cash	20,000	10	10	Transfer from Ms. Niharika Mandhana
	March 30, 2004	Cash	2,00,000	10	10	Allotment
	February 18, 2005	Cash	4,08,500	10	10	Allotment
	August 21, 2009	Bonus	8,41,000	10	Nil	Allotment
	<b>TOTAL (A)</b>	-	<b>16,82,000</b>	-	-	-
<b>Mr. Purushottam Mandhana</b>	June 20, 1994	Cash	92,500	10	10	Allotment
	March 27, 1995	Cash	50,000	10	10	Allotment
	June 30, 2003	Cash	62,500	10	10	Transfer from Prakash Mandhana (HUF)
		Cash	75,000	10	10	Transfer from Ms. Neeta Mandhana



Name of the Promoter	Date of Allotment	Consideration (cash, bonus, consideration other than cash)	Number of Equity Shares	Face Value per Equity Share (in Rs)	Issue/ Transfer price per Equity Share in Rs.	Mode of acquisition (Allotment/Transfer)
	March 30, 2004	Cash	1,85,000	10	10	Allotment
	February 18, 2005	Cash	4,15,500	10	10	Allotment
	August 21, 2009	Bonus	8,80,500	10	Nil	Allotment
	October 16, 2009	Cash	2,65,140	10	190*	Transfer from SIL
	<b>TOTAL (B)</b>	-	<b>20,26,140</b>	-	-	-
<b>Mr. Manish Mandhana</b>	June 20, 1994	Cash	80,000	10	10	Allotment
	March 23, 1995	Cash	5,000	10	15.50	Transfer from Mr. Gajadhar Mandhana
		Cash	2,500	10	10	Transfer from Ms. Shaila Mandhana
	March 27, 1995	Cash	2,500	10	10	Allotment
	June 30, 2003	Cash	65,000	10	10	Transfer from Ashok Mandhana
	March 30, 2004	Cash	3,37,310	10	10	Allotment
	February 18, 2005	Cash	4,49,690	10	10	Allotment
	August 21, 2009	Bonus	9,42,000	10	Nil	Allotment
	October 16, 2009	Cash	2,65,140	10	190*	Transfer from SIL
<b>TOTAL (C)</b>	-	<b>21,49,140</b>	-	-	-	
<b>Mr. Priyavrat Mandhana</b>	March 23, 1995	Cash	25,000	10	15.50	Transfer from Mr. Omprakash Mandhana
		Cash	20,000	10	15.50	Transfer from Mr. Rajgopal Mandhana
		Cash	10,000	10	15.50	Transfer from Ms. Manjula Mandhana
		Cash	10,000	10	15.50	Transfer from Ms. Sheetal Mandhana
		Cash	5,000	10	15.50	Transfer from Ms. Sunanda Mandhana
	<b>March 31, 2001</b>	Cash	17,500	10	10	Allotment
	<b>January 10, 2004</b>	Cash	1,40,000	10	10	Transfer from Mr. Nitin Mandhana
		Cash	1,87,500	10	10	Transfer from Mr. Prakash Mandhana
		Cash	1,70,000	10	10	Transfer from Mr. Narayandas Mandhana
		Cash	25,000	10	10	Transfer from Ms. Purvi Mandhana
		Cash	52,500	10	10	Transfer from Sonibai Mandhana
	<b>March 30, 2004</b>	Cash	2,20,000	10	10	Allotment
	<b>February 18, 2005</b>	Cash	7,40,500	10	10	Allotment
<b>November 06, 2006</b>	Cash	20,000	10	30	Transfer from Preeti Mandhana	
<b>August 21, 2009</b>	Bonus	16,43,000	10	Nil	Allotment	

Name of the Promoter	Date of Allotment	Consideration (cash, bonus, consideration other than cash)	Number of Equity Shares	Face Value per Equity Share (in Rs)	Issue/ Transfer price per Equity Share in Rs.	Mode of acquisition (Allotment/Transfer)
	<b>TOTAL (D)</b>	-	<b>32,86,000</b>	-	-	-
<b>Purushottam Mandhana (HUF)</b>	<b>March 31, 2001</b>	Cash	15,000	10	10	Allotment
	<b>January 10, 2004</b>	Cash	85,000	10	10	Transfer from Narayandas Mandhana (HUF)
		Cash	1,60,000	10	10	Transfer from Nirmala Mandhana
	<b>March 30, 2004</b>	Cash	5,95,000	10	10	Allotment
	<b>February 18, 2005</b>	Cash	7,52,000	10	10	Allotment
	<b>August 21, 2009</b>	Bonus	16,07,000	10	Nil	Allotment
	<b>TOTAL (E)</b>	-	<b>32,14,000</b>	-	-	-
	<b>Grand Total (A+B+C+D+E)</b>	-	<b>1,23,57,280</b>	-	-	-

\* Purchase of 5,30,280 equity shares at price of Rs. 190 per equity share based on the Fair Value certificate issued by M/s Nilesh Gore & Co. Chartered Accountants, dated September 29, 2009, certifying the Fair Value of the Equity Shares of the Company as per the audited accounts for the year ended March 31, 2009 and the share holding status as on September 29, 2009 in accordance with the guidelines issued by erstwhile Controller of Capital Issue. The said purchase was on account of the put option exercised by SIL on our Promoters vide letter dated September 23, 2009 in terms of Shareholder's Agreement dated February 21, 2008.

**Note:** As per the terms of the Supplemental Agreement dated April 06, 2010 between Axis Bank Limited ("Axis Bank"), our Company and our Promoters, our Promoters are required to open the IPO of our Company for subscription on or before June 30, 2010. If the IPO does not take place within the stipulated period as above, then Axis Bank shall have the right, but not the obligation to sell the equity shares held by it to our Promoters and the promoters shall be under an obligation to buy the said equity shares, which will subsequently increase our Promoter's shareholding to that effect.

**b. Details of Promoters contribution locked in for three years**

Name of the Promoter	Date of Allotment	Date on Which Equity Shares were made fully paid up	Mode of acquisition (Allotment/transfer)	Number Of Equity Shares	Face Value per Equity Share (in Rs)	Issue/ Transfer price per Equity Share in Rs.	Consideration (cash, bonus, consideration other than Cash)	Percentage of pre-Issue paid-up capital (%)	Percentage of post-Issue paid-up Capital (%)
<b>Mr. Biharilal Mandhana</b>	February 18, 2005	February 18, 2005	Allotment	4,08,500	10	10	Cash	1.65	1.23
	August 21, 2009	August 21, 2009	Allotment	8,41,000	10	Nil	Bonus	3.39	2.54
	<b>TOTAL</b>	-	-	<b>12,49,500</b>	-	-	-	<b>5.03</b>	<b>3.77</b>
<b>Mr. Purushottam Mandhana</b>	February 18, 2005	February 18, 2005	Allotment	4,15,500	10	10	Cash	1.67	1.25
	August 21, 2009	August 21, 2009	Allotment	8,80,500	10	Nil	Bonus	3.55	2.66

	<b>TOTAL</b>	-	-	<b>12,96,000</b>	-	-	-	<b>5.22</b>	<b>3.91</b>
<b>Mr. Manish Mandhana</b>	March 30, 2004	March 30, 2004	Allotment	3,37,310	10	10	Cash	1.36	1.02
	August 21, 2009	August 21, 2009	Allotment	9,42,000	10	Nil	Bonus	3.79	2.84
	<b>TOTAL</b>	-	-	<b>12,79,310</b>	-	-	-	<b>5.15</b>	<b>3.86</b>
<b>Mr. Priyavrat Mandhana</b>	January 10, 2004	January 10, 2004	Transfer	1,40,000	10	10	Cash	0.56	0.42
			Transfer	1,87,500	10	10	Cash	0.76	0.57
			Transfer	1,70,000	10	10	Cash	0.68	0.51
	March 30, 2004	March 30, 2004	Allotment	2,20,000	10	10	Cash	0.89	0.66
	February 18, 2005	February 18, 2005	Allotment	7,40,500	10	10	Cash	2.98	2.24
	<b>TOTAL</b>	-	-	<b>14,58,000</b>	-	-	-	<b>5.87</b>	<b>4.40</b>
<b>Purushottam Mandhana (HUF)</b>	February 18, 2005	February 18, 2005	Allotment	7,52,000	10	10	Cash	3.03	2.27
	March 30, 2004	March 30, 2004	Allotment	5,95,000	10	10	Cash	2.40	1.80
	<b>TOTAL</b>	-	-	<b>13,47,000</b>	-	-	-	<b>5.43</b>	<b>4.07</b>
<b>TOTAL</b>				<b>66,29,810</b>				<b>26.71</b>	<b>20.02</b>

We confirm that the minimum Promoters' contribution of 20% which is subject to lock-in for three years does not consist of:

- (i) equity shares acquired in past three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction; or
- (ii) equity shares resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum promoters' contribution during the period of last three years;
- (iii) equity shares acquired by promoters during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Issue;
- (iv) equity shares allotted to promoters during the preceding one year at a price less than the issue price, against funds brought in by them during that period, post conversion of partnership firms;
- (v) equity shares pledged with any creditor

The Promoters' contribution has been brought in to the extent of not less than the specified minimum amount and from the persons defined as Promoters under the SEBI Regulations. 20% of the post-Issue paid-up equity share capital, as determined after the book-building process from the above mentioned five Promoters i.e., Mr. Biharilal Mandhana, Mr. Purushottam Mandhana, Mr. Manish Mandhana, Mr. Priyavrat Mandhana and Purushottam Mandhana (HUF) would be locked-in for a period of three years from the date of allotment in the present Issue and the balance Pre-Issue Paid-up Equity Share Capital would be locked-in for a period of one year from the date of allotment in the present Issue.

**c. Details of Promoters' contribution locked-in for 1 year:**

Name of the Promoter	Date of Allotment	Date on which Equity Shares were made fully paid up	Mode of acquisition (Allotment /transfer)	Number of Equity Shares	Face Value per Equity Share (in Rs)	Issue/ Transfer price per Equity Share in Rs.	Consideration (cash, bonus, consideration other than cash)	% of pre-Issue paid-up capital	% of post-Issue paid-up capital
<b>Mr. Biharilal Mandhana</b>	June 20, 1994	June 20, 1994	Allotment	1,00,000	10	10	Cash	0.40	0.30
	March 23, 1995	March 23, 1995	Transfer	35,000	10	15.50	Cash	0.14	0.11
				15,000	10	15.50	Cash	0.06	0.05
	June 30, 2003	June 30, 2003	Transfer	20,000	10	10	Cash	0.08	0.06
				62,500	10	10	Cash	0.25	0.19
	March 30, 2004	March 30, 2004	Allotment	2,00,000	10	10	Cash	0.81	0.60
<b>TOTAL (A)</b>				<b>4,32,500</b>				<b>1.74</b>	<b>1.31</b>
<b>Mr. Purushottam Mandhana</b>	June 20, 1994	June 20, 1994	Allotment	92,500	10	10	Cash	0.37	0.28
	March 27, 1995	March 27, 1995	Allotment	50,000	10	10	Cash	0.20	0.15
	June 30, 2003	June 30, 2003	Transfer	62,500	10	10	Cash	0.25	0.19
				75,000	10	10	Cash	0.30	0.23
	March 30, 2004	March 30, 2004	Allotment	1,85,000	10	10	Cash	0.75	0.56
	October 16, 2009	October 16, 2009	Transfer	2,65,140	10	190	Cash	1.07	0.80
	<b>TOTAL (B)</b>				<b>7,30,140</b>				<b>2.94</b>
<b>Mr. Manish Mandhana</b>	June 20, 1994	June 20, 1994	Allotment	80,000	10	10	Cash	0.32	0.24
	March 23, 1995	March 23, 1995	Transferred	5,000	10	15.50	Cash	0.02	0.02
			Transferred	2,500	10	15.50	Cash	0.01	0.01
	March 27, 1995	March 27, 1995	Allotment	2,500	10	10	Cash	0.01	0.01
	June 30, 2003	June 30, 2003	Transfer	65,000	10	10	Cash	0.26	0.20
	February 18, 2005	February 18, 2005	Allotment	4,49,690	10	10	Cash	1.81	1.36
	October 16, 2009	October 16, 2009	Transfer	2,65,140	10	190	Cash	1.07	0.80

Name of the Promoter	Date of Allotment	Date on which Equity Shares were made fully paid up	Mode of acquisition (Allotment /transfer)	Number of Equity Shares	Face Value per Equity Share (in Rs)	Issue/ Transfer price per Equity Share in Rs.	Consideration (cash, bonus, consideration other than cash)	% of pre-Issue paid-up capital	% of post-Issue paid-up capital
	<b>TOTAL (C)</b>			<b>8,69,830</b>				<b>3.51</b>	<b>2.63</b>
<b>Mr. Priyavrat Mandhana</b>	March 23, 1995	March 23, 1995	Transfer	70,000	10	15.50	Cash	0.28	0.21
	March 31, 2001	March 31, 2001	Allotment	17,500	10	10	Cash	0.07	0.05
	January 10, 2004	January 10, 2004	Transfer	77,500	10	10	Cash	0.31	0.23
	November 06, 2006	November 06, 2006	Transfer	20,000	10	10	Cash	0.08	0.06
	August 21, 2009	August 21, 2009	Allotment	16,43,000	10	10	Bonus	6.62	4.96
	<b>TOTAL (D)</b>				<b>18,28,000</b>				<b>7.36</b>
<b>Purushottam Mandhana (HUF)</b>	March 31, 2001	March 31, 2001	Allotment	15,000	10	10	Cash	0.06	0.05
	January 10, 2004	January 10, 2004	Transfer	1,60,000	10	10	Cash	0.64	0.48
			Transfer	85,000	10	10	Cash	0.34	0.26
	August 21, 2009	August 21, 2009	Allotment	16,07,000	10	10	Bonus	6.47	4.85
	<b>TOTAL (E)</b>				<b>18,67,000</b>				<b>7.52</b>
<b>GRAND TOTAL (A+B+C+D+E)</b>				<b>57,27,470</b>				<b>23.07</b>	<b>17.29</b>

We confirm that the specific written consents have been obtained from all of our Promoters for inclusion of their shares for computation of minimum Promoters' contribution subject to lock-in.

Shares held by any person other than our Promoters, prior to this Issue, which are subject to lock in as per the provisions of Regulation 37 of SEBI Regulation, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by our Promoters which are locked in as per the provisions of Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst Promoters/ Group Entities or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. The locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the following:

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

- If the specified securities are locked-in in terms of sub-regulation (b) Regulation 36 of the SEBI (ICDR) Regulations and the pledge of specified securities is one of the terms of sanction of the loan.

However no shares held by our Promoters have been pledged with banks or financial institutions under the TUF Scheme. Further all the shares held by our Promoters / Promoter Groups are free from pledge.

4. Except as mentioned below, our Promoters and our Group Entities, the Directors of our Company, the Directors of our Group Entities have not purchased, neither have they sold any Equity Shares, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI and during a period of six months preceding the date of this Red Herring Prospectus.

Sr. No.	Name of Promoter/Director/ Group Entity / Director of Group Entitled	Transferee	Number of Equity Shares	Sale / Purchase	Date of Transfer	Purchase price (Rs.)	Valuation details	Reasons for purchase
1.	Mrs. Prema Mandhana	Ms. Darshana Vinod Shah	4,000	Purchase	July 07, 2009	150	As mutually agreed between the parties	Transfer
2.	Mr. Purushottam Mandhana	Structured Investment Limited	2,65,140	Purchase	October 16, 2009	190	In accordance with the guidelines issued by erstwhile Controller of Capital Issues	In terms of the Put Option exercised by SIL as per the Share Subscription Agreement entered into between SIL, our Promoter and the Company
3.	Mr. Manish Mandhana	Structured Investment Limited	2,65,140	Purchase	October 16, 2009	190	In accordance with the guidelines issued by erstwhile Controller of Capital Issues	In terms of the Put Option exercised by SIL as per the Share Subscription Agreement entered into between SIL, our Promoter and the Company
4.	Mahan Synthetic Textiles Private Limited	Ms. Vimla Hiralal Vora	2,000	Purchase	November 07, 2009	87.50	As mutually agreed between the parties	Transfer
5.	Mahan Synthetic Textiles Private Limited	Mr. Raju Hiralal Vora	2,000	Purchase	November 07, 2009	87.50	As mutually agreed between the parties	Transfer
6.	Mahan Synthetic Textiles Private Limited	52 Sharehold	42,380	Purchase	November 07, 2009	75.00	As mutually agreed	Transfer

Sr. No.	Name of Promoter/Director/ Group Entity / Director of Group Entitled	Transferees	Number of Equity Shares	Sale / Purchase	Date of Transfer	Purchase price (Rs.)	Valuation details	Reasons for purchase
		ers					between the parties	

5. None of our Directors or key managerial personnel hold Equity Shares in the Company, other than as follows:

Sr. No.	Name of the Diectors	Number of Equity Shares	% of pre issue equity share capital
1.	Mr. Purushottam Mandhana	20,26,140	8.16
2.	Mr. Biharilal Mandhana	16,82,000	6.78
3.	Mr. Manish Mandhana	21,49,140	8.66
4.	Mr. Ghyanendra Nath Bajpai	20,000	0.08
5.	Mr. Sanjay Asher	40,000	0.16

6. Other than as set out in “Capital Structure- Notes to Capital Structure - Share Capital History of our Company”, our Promoters have not been issued Equity Shares for consideration other than cash.
7. Except as mentioned in the Chapter titled ‘History and other Corporate Matters’ beginning on page 129 of this Red Herring Prospectus, our Company, our Directors, our Promoters and the BRLMs to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.
8. An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off while finalizing the basis of Allotment of Equity Shares.
9. As on date of filing of this Red Herring Prospectus there are no outstanding Warrants, options or rights to convert debentures loans or other financial instrument into Equity Shares.
10. The shares locked-in by our Promoters are not pledged to any party.
11. As per RBI regulations, OCBs are not allowed to participate in this Issue, sub accounts of FIIs who are foreign corporates or foreign individuals are not QIBs, and hence cannot Bid in the QIB Portion in the Issue.
12. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up Equity Shares.
13. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on date.
14. In case of over-subscription in all categories, not more than 50% of the Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% (excluding Anchor Investor Portion) shall be reserved for Mutual Funds. Further, not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
15. Under-subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.
- 16.

**(a) Particulars of the top ten shareholders as on the date of filing of this Red Herring Prospectus with RoC.**

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
1.	Mr. Priyavrat Mandhana	32,86,000	13.24%
2.	Purushottam Mandhana (HUF)	32,14,000	12.95%



3.	Axis Bank Limited	21,73,913	8.76%
4.	Mr. Manish Mandhana	21,49,140	8.66%
5.	Mr. Purushottam Mandhana	20,26,140	8.16%
6.	Ms. Prema Mandhana	17,49,000	7.05%
7.	Ms. Sudha Mandhana	17,41,000	7.01%
8.	Mr. Biharilal Mandhana	16,82,000	6.78%
9.	Ms. Sangeeta Mandhana	11,12,000	4.48%
10.	Biharilal Mandhana HUF	10,98,000	4.42%

**(b) Particulars of top ten shareholders ten days prior to the filing this Red Herring Prospectus with RoC.**

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
1.	Mr. Priyavrat Mandhana	32,86,000	13.24%
2.	Purushottam Mandhana (HUF)	32,14,000	12.95%
3.	Axis Bank Limited	21,73,913	8.76%
4.	Mr. Manish Mandhana	21,49,140	8.66%
5.	Mr. Purushottam Mandhana	20,26,140	8.16%
6.	Ms. Prema Mandhana	17,49,000	7.05%
7.	Ms. Sudha Mandhana	17,41,000	7.01%
8.	Mr. Biharilal Mandhana	16,82,000	6.78%
9.	Ms. Sangeeta Mandhana	11,12,000	4.48%
10.	Biharilal Mandhana (HUF)	10,98,000	4.42%

**(c) Particulars of the top ten shareholders 2 years prior to the date of filing of this Red Herring Prospectus with RoC.**

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
1.	Mr. Priyavrat Mandhana	16,43,000	14.51%
2.	Purushottam C. Mandhana (HUF)	16,07,000	14.19%
3.	Mr. Manish Mandhana	9,42,000	8.32%
4.	Mr. Purushottam Mandhana	8,80,500	7.77%
5.	Mrs. Sudha Mandhana	8,70,500	7.69%
6.	Mrs. Prema Mandhana	8,69,500	7.68%
7.	Mr. Biharilal Mandhana	8,41,000	7.43%
8.	Mrs. Sangeeta Mandhana	5,54,000	4.89%
9.	Biharilal C. Mandhana (HUF)	5,49,000	4.85%
10.	Master. Arnav Mandhana	4,07,000	3.59%

**17. a. Shareholding pattern of our Company prior and post this Issue**

Name of the Shareholders	Pre-Issue Equity Capital		Post – Issue Equity Capital	
	Number of Equity Shares	%	Number of Equity Shares	%
<b>Promoters</b>				
Mr. Biharilal Mandhana	16,82,000	6.78	16,82,000	5.08
Mr. Purushottam Mandhana	20,26,140	8.16	20,26,140	6.12
Mr. Manish Mandhana	21,49,140	8.66	21,49,140	6.49
Mr. Priyavrat Mandhana	32,86,000	13.24	32,86,000	9.92
Purushottam Mandhana (HUF)	32,14,000	12.95	32,14,000	9.70
<b>Sub Total (A)</b>	<b>1,23,57,280</b>	<b>49.78</b>	<b>1,23,57,280</b>	<b>37.31</b>
<b>Promoter Group</b>				

Name of the Shareholders	Pre-Issue Equity Capital		Post – Issue Equity Capital	
	Number of Equity Shares	%	Number of Equity Shares	%
Biharilal Mandhana (HUF)	10,98,000	4.42	10,98,000	3.31
Manish Mandhana (HUF)	7,84,000	3.16	7,84,000	2.37
Ms. Sudha Mandhana	17,41,000	7.01	17,41,000	5.26
Ms. Prema Mandhana	17,49,000	7.05	17,49,000	5.28
Ms. Sangeeta Mandhana	11,12,000	4.48	11,12,000	3.36
Master Arnav Mandhana	8,14,000	3.28	8,14,000	2.46
Mr. Vinay Mandhana	4,79,000	1.93	4,79,000	1.45
Ms. Muskaan Mandhana	4,10,000	1.65	4,10,000	1.24
Other relatives of the Promoters individually holding less than 1% of pre Issue capital.	17,000	0.07	17,000	0.05
Mahan Synthetic Textiles Private Limited (A Promoter Group Entity)	46,380	0.19	46,380	0.14
<b>Sub Total (B)</b>	<b>82,50,380</b>	<b>33.24</b>	<b>82,50,380</b>	<b>24.91</b>
<b>Promoter &amp; Promoter Group Total (A+B)</b>	<b>2,06,07,660</b>	<b>83.02</b>	<b>2,06,07,660</b>	<b>62.21</b>
<b>Non- Promoter Investors- C</b>				
<b>Banks/FIs*</b>	21,73,913	8.76	21,73,913	6.56
Body Corporates**	4,98,000	2.01	4,98,000	1.50
Individuals				
1) Individual Shareholders holding nominal share capital exceeding Rs. 10 lacs	3,80,000	1.53	3,80,000	1.15
2) Individual shareholders holding nominal share capital up to Rs 10 lacs	11,56,340	4.66	11,56,340	3.49
Any other (HUF)	8,000	0.03	8,000	0.02
<b>Sub Total (C)</b>	<b>42,16,253</b>	<b>16.98</b>	<b>42,16,253</b>	<b>12.73</b>
Total Pre Issue Capital (A+B+C)=(D)	2,48,23,913	100.00	2,48,23,913	74.94
<b>Investors</b>				
Investor Subscribed Shares	-	-		
Investor Purchased Shares	-	-		
<b>Total Investor Equity Shares (E)</b>	-	-		
1. Public Issue (F)	-	-	83,00,000	25.06
<b>Total Post Issue capital (D+E+F)</b>	-	-	<b>3,31,23,913</b>	<b>100.00</b>

\* held by Axis Bank Limited, who in this case is also BRLM for the Issue.

\*\* Structured Investment Limited (“SIL”) has exercised their right under Shareholders Agreement dated February 21, 2008 among SIL, our Company and our Promoters calling upon our Promoters to purchase 5,30,280 equity shares held by it on or before October 16, 2009. Pursuant to this, our Promoters on October 16, 2009 purchased 5,30,280 equity shares at purchase price of Rs. 190 per equity share.

**Note:** As per the terms of the Supplemental Agreement dated April 06, 2010 between Axis Bank Limited (“Axis Bank”), our Company and our Promoters, our Promoters are required to open the IPO of our Company for subscription on or before June 30, 2010. If the IPO does not take place within the stipulated period as above, then Axis Bank shall have the right, but not the obligation to



sell the equity shares held by it to our Promoters and the promoters shall be under an obligation to buy the said equity shares, which will subsequently increase our Promoter's shareholding to that effect.

b. Following is the shareholding pattern as per Clause 35 of the listing agreement

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	18	2,05,61,280	0	82.83	82.83	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1	46,380	0	0.19	0.19	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
(e-i)		-	-	-	-	-	-	-
(e-ii)		-	-	-	-	-	-	-
	<b>Sub Total(A)(1)</b>	<b>19</b>	<b>2,06,07,660</b>	<b>0</b>	<b>83.02</b>	<b>83.02</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Foreign</b>							
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
B	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
C	Institutions	0	0	0	0.00	0.00	0	0.00
D	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
d-i		-	-	-	-	-	-	-
d-ii		-	-	-	-	-	-	-
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>19</b>	<b>2,06,07,660</b>	<b>0</b>	<b>83.02</b>	<b>83.02</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Public shareholding</b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	0	0		0.00	0.00	0	0.00
(b)	Financial Institutions/ Banks	1	21,73,913	21,73,913	8.76	8.76	0	0.00

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(c)	Central Government/ State Government(s)	0	0		0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0		0.00	0.00	0	0.00
(e)	Insurance Companies	0	0		0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	0	0		0.00	0.00	0	0.00
(g)	Foreign Venture Capital Investors	0	0		0.00	0.00	0	0.00
(h)	Any Other (specify)	0	0		0.00	0.00	0	0.00
(h-i)		-	-	-	-	-	-	-
(h-ii)		-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>1</b>	<b>21,73,913</b>	<b>21,73,913</b>	<b>8.76</b>	<b>8.76</b>	<b>0</b>	<b>0.00</b>
<b>B 2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	3	4,98,000	-	2.01	2.01	0	0.00
(b)	Individuals					0.00		
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	126	3,29,340	1,000	1.33	1.33	0	0.00
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	24	11,95,000	3,00,000	4.81	4.81	0	0.00
(c)	Any Other (specify)					0.00		
(c-i)	Non-Executive Independent Directors	1	20,000	-	0.08	0.08	0	0.00
(c-ii)		-	-	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	<b>154</b>	<b>20,42,340</b>	<b>3,01,000</b>	<b>8.23</b>	<b>8.23</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>155</b>	<b>42,16,253</b>	<b>24,74,913</b>	<b>16.98</b>	<b>16.98</b>	<b>0</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>174</b>	<b>2,48,23,913</b>	<b>24,74,913</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been	-	-	-	-	-	-	-

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of(A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
	issued							
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>174</b>	<b>2,48,23,913</b>	<b>24,74,913</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

**Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”**

Sr. No.	Name of the shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number of shares	As a % of grand total (A)+(B)+(C)	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
1	Biharilal C. Mandhana	16,82,000	6.78	-	-	-
2	Purushottam C. Mandhana	20,26,140	8.16	-	-	-
3	Manish B. Mandhana	21,49,140	8.66	-	-	-
4	Priyavrat P. Mandhana	32,86,000	13.24	-	-	-
5	Purushottam C. Mandhana (HUF)	32,14,000	12.95	-	-	-
6	Prema P. Mandhana	17,49,000	7.05	-	-	-
7	Sudha B. Mandhana	17,41,000	7.01	-	-	-
8	Biharilal C. Mandhana (HUF)	10,98,000	4.42	-	-	-
9	Vinay B. Mandhana	4,79,000	1.93	-	-	-
10	Manish B. Mandhana (HUF)	7,84,000	3.16	-	-	-
11	Sangeeta M. Mandhana	11,12,000	4.48	-	-	-
12	Muskan M. Mandhana	4,10,000	1.65	-	-	-
13	Arnav M. Mandhana	8,14,000	3.28	-	-	-
14	Chanda Shamsunder Jaju	10,000	0.04	-	-	-
15	Mangala Jawahar Somani	2,000	0.01	-	-	-
16	Tulsibai V Chandak	2,000	0.01	-	-	-
17	Bhagwati M Chandak	2,000	0.01	-	-	-
18	Shakuntala R Dargad	1,000	0.00	-	-	-
19	Mahan Synthetic Textiles Private Limited	46,380	0.19	-	-	-
	<b>TOTAL</b>	<b>2,06,07,660</b>	<b>83.02</b>	-	-	-

18. The total number of members of our Company as on the date of filing this Red Herring Prospectus is 174.
19. As on date of this Red Herring Prospectus, one of the BRLMs i.e Axis Bank Limited, holds 21,73,913 Equity Shares in our Company. Under the Regulation 21 A of the SEBI (Merchant Bankers) Regulations, 1992, Axis Bank does not fall within the definition of “Associate of the Issuer or Person” and hence is eligible to act as one of the BRLMs to the Issue.
20. Our Company has not raised any bridge loan against the proceeds of this Issue.
21. We presently do not intend or propose to alter our capital structure, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares offered through this issue have been listed.
22. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
23. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
24. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
25. Our Company has not revalued its assets since its incorporation.
26. Our Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash, except for the bonus issue made on August 21, 2009.
27. Our Company has not made any public issue since its incorporation.
28. The shares locked in by our Promoters are not pledged to any party. The Equity Shares held by our Promoters which are lock-in for a period of one year can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.
29. Our Company does not have any employee stock option plan or scheme.
30. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters or Directors to the persons who receive allotments, if any, in this Issue.
31. The Equity Shares in physical form, which are subject to lock-in, shall carry the inscription ‘nontransferable’ and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchanges, where the shares are to be listed, before the listing of the Securities.
32. Our Promoters and Promoter Group will not participate in this Issue.
33. None of our Promoter Groups, Directors or their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing draft offer document with the Board.
34. Except as stated below, there has been no allotment of Equity Shares that may be at a price lower than the Issue Price within the last 12 months from the date of filing this Red Herring Prospectus.

<b>Date of Allotment</b>	<b>No. of Equity Shares</b>	<b>Face Value</b>	<b>Issue Price (Rs.)</b>	<b>Reasons</b>	<b>Allottees</b>
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		(Rs.)			
August 21, 2009	1,13,25,000	10	NIL	Bonus Issue	Shareholders of our Company as on date of allotment in the Bonus Issue.
September 15, 2009	21,73,913	10	115	Preferential Allotment	Axis Bank Limited

35. The Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.

## OBJECTS OF THIS ISSUE

The Objects of the Issue are the following:

- Setting up of new garment manufacturing facility at MIDC, Tarapur Maharashtra;
- Expansion of yarn dyeing and weaving facility at MIDC, Tarapur, in the State of Maharashtra;
- Margin Money for Working Capital;
- General Corporate Purpose; and
- Meeting issue expenses

The main Objects clause of our Memorandum of Association and the objects incidental to the main objects enable us to undertake existing activities and the activities for which the funds are being raised by us through this present Issue.

### REQUIREMENTS OF FUNDS

The total estimated fund requirement is as follows.

#### *Details of Fund Requirement (Table I)*

		(Rs. in lacs.)
Sr. No.	Particulars	Total Cost
A.	Setting up of garment manufacturing facility at MIDC, Tarapur Maharashtra	6,909.40
B.	Expansion of Yarn Dyeing and Weaving Facility at C-2, MIDC, Tarapur, Boisar, Taluka Palghar, Thane in Maharashtra state.	10,279.46
C.	Margin Money for Working Capital	3,550.00
D.	General Corporate Purpose	[•]
E.	Issue Related Expenses	[•]
<b>TOTAL</b>		<b>[•]</b>

#### *Detailed Cost of the Project (Table II) –*

			(Rs. in lacs)
Particulars	Garment Unit at Tarapur, MIDC	Expansion of Weaving Facility	Total
Land	423.89	--	423.89
Civil Work & Building	1,800.00	1,600.00	3,400.00
Furniture, Fixtures & Office Equipments#	340.00	56.00	396.00
Plant & Machinery (incl. Erection / Commissioning & Miscellaneous Expenses)	4,345.51	8,623.46	12,968.97
Margin Money for Working Capital	--	--	3,550.00
<b>Total</b>	<b>6,909.40</b>	<b>10,279.46</b>	<b>20,738.87</b>

# The expense for furniture, fixtures & office equipments is based on Management estimates

## MEANS OF FINANCE

Our requirement of funds is proposed to be financed through this proposed Issue, Term loans from banks and internal accruals, as detailed below:

(Rs. In lacs.)

Particulars		Total
Public Issue of Equity Shares		[●]
<b>Term Loan under TUFs (Technology Upgradation Fund Scheme)</b>		10,380.00
State Bank of Patiala, Commercial Branch, Mumbai	4,125.00	
Axis Bank, Bank of Baroda, Punjab National Bank, State Bank of India and Indian Bank, consortium with Axis Bank being lead bank.	6,255.00	
Internal Accruals		[●]
<b>TOTAL</b>		[●]

Of the total term loan requirement of Rs. 10,380 lacs we have received sanctions to the extent of Rs. 10,380 lacs *vide* sanction letters No CBM/AMT 4/1212 dated March 30, 2007 of State Bank of Patiala of Rs. 4,125 lacs and Sanction letter No.AXISB/CO/CR/MR/2009-10/12472 dated September 14, 2009 of Axis Bank of Rs. 20,250 lacs.

The fund requirement and deployment are based on internal management estimates and vendor quotations. These are based on current conditions and are subject to change in light of changes in external circumstances or cost, other financial conditions, business strategy.

In case of any shortfall or cost overruns, we intend to meet our estimated expenditure from our internal accruals and debt. Excess funds, if any would be utilized for general corporate purpose including but not limited to the repayment of loans or working capital requirement. As per the audited restated financial statements, as on December 31, 2009 our free reserves stood at Rs. 15,916.98 lacs.

We undertake that firm arrangements of finance through verifiable means have been made towards 75% of the stated means of finance excluding the amount to be raised through this Issue.

Table showing firm arrangements of finance through verifiable means towards 75% of the stated means of finance is as under:

(Rs. in lacs.)

Particulars	Amount
Stated means of Finance excluding the amount to be raised through proposed Public Issue or through identifiable internal accruals	10,380
75% of this	7,785
<b>Actual firm arrangements made for (i.e. 100%)</b>	<b>10,380</b>

## DETAILS OF THE EXPENDITURE TO BE INCURRED TOWARDS THE OBJECTS OF THE ISSUE:

### A. Garment manufacturing facility at Tarapur, MIDC Maharashtra :

We intend to expand our garment manufacturing business by setting up new garment manufacturing unit at Tarapur, MIDC in Maharashtra. Our total garment manufacturing capacity is expected to increase from 36.00 lacs pieces per annum to 83.00 lacs pieces per annum subsequent to the expansion.

#### Land

We intend to set up our new garment manufacturing facility at MIDC which is near our existing facilities at Tarapur in the State of Maharashtra. We have acquired land admeasuring 17,574 sq. mtrs, aggregating to Rs. 423.89lacs (including the stamp duty and registration charges) on a leasehold basis from MIDC *vide* the agreement dated November 24, 2009

### Civil Work & Building

The total built up area of the civil works comprising of factory building including ground plus two floors, admeasuring 2.0 lacs sq. ft. at an estimated cost of Rs. 1,800.00 lacs.

Following are the details of the Civil Work:

Details of Building	Activities	Estimated Built-up Area (lacs in sq. ft.)	Estimated Cost (In Rupees lacs)
Factory Building Consisting of ground plus 2 floors	This includes RCC Framed structure, Aluminum Glazed windows, Galvanized rolling shutter, RCC Trimix flooring, plinth protection and other construction activities.	2.0	1,550.00
	Boiler, ETP Tank, STP,UG Tank,		150.00
Site Development	Consisting of boundary wall, leveling & Murrum filling in the plot with Murrum brought from out side in the plot. Development of internal road in the plot.	Lumpsum	100.00
<b>TOTAL</b>			<b>1,800.00</b>

**NOTE :** The cost of the factory building and the site development at various locations has been estimated based on the Estimate dated March 29,2010 issued by M/s Desai Construction Private Limited (Civil Contractor) Yash Kamal, Tithal Road, Valsad, Gujarat – 396 001

### Furniture, Fixtures & Office Equipments:

We have estimated an amount of upto Rs. 340 lacs to be incurred towards cost of furniture and fixtures, which cost shall inter-alia, include cost of office furniture, fixtures, equipments, computers (including computer peripherals) and telecom. As on date of this Red Herring Prospectus, we have not incurred any expenditure under this head.

### Plant & Machinery:

(Rs. in Lacs)

Sr. No	Details of Machineries, spares, consumables, etc.	No. of units	Date of the Quotation	Cost*	Name of Vendor (country) / quotations received
<b>Cutting / Sewing Department</b>					
<b>IMPORTED</b>					
1.	Single Needle Direct Drive Lockstitch Machine Complete Set.	985	March 20,2010	425.89	BROTHER International Singapore Pte. (Singapore)
2.	High Speed Twin Needle Fixed Bar Direct Drive Lockstitch Machine Complete Set	42	March 20,2010	58.88	BROTHER International Singapore Pte. (Singapore)
3.	High Speed Twin Needle Split Bar Direct Drive Lock Stitch Machine Complete Set	10	March 20,2010	18.02	BROTHER International Singapore Pte. (Singapore)
4.	Single Needle Lockstitch Machine With Edge Cutter Complete Set	18	March 20,2010	8.38	BROTHER International Singapore Pte. (Singapore)
5.	Power Operated Overlock Machine Complete Set	56	March 20,2010	25.23	BROTHER International Singapore Pte. (Singapore)
6.	Class Feed Off The Arm Machine Complete Set with Racing puller (TRIPLE NEEDLE)	05	March 20,2010	8.87	BROTHER International Singapore Pte. (Singapore)

Sr. No	Details of Machineries, spares, consumables, etc.	No. of units	Date of the Quotation	Cost*	Name of Vendor (country) / quotations received
7.	Computerised Lock Stitch Button Stitch Machine Complete Set	99	March 20,2010	183.39	BROTHER International Singapore Pte. (Singapore)
8.	Placket Making and attaching machine	30	March 20,2010	19.12	BROTHER International Singapore Pte. (Singapore)
9.	Computerised Lock Stitch Button Hole Stitch Machine Complete Set	78	March 20,2010	167.92	BROTHER International Singapore Pte. (Singapore)
10.	Electronic Direct Drive Pattern Tacker Machine complete set	30	March 20,2010	105.12	BROTHER International Singapore Pte. (Singapore)
11.	Coller Trimming Turning and Blocking Machine	50	March 10,2010	106.96	Technik India (Apparel ) Pvt. Ltd
12.	Cuff Turning and Blocking Machine	25	March 10,2010	44.38	Technik India (Apparel ) Pvt. Ltd
13.	Straight Line Fusing Press Machine complete set	4	March 21,2010	34.13	Hashima (S) Pte. Ltd ( Singapore)
14.	Compact Fusing Press Machine complete set	08	March 21,2010	8.46	Hashima (S) Pte. Ltd ( Singapore)
15.	Automatic Spreading Machine complete set	1	March 22,2010	10.83	Eastman C.R.A ( Hongkong) Ltd. ( Hongkong)
16.	Power Driven Cloth Cutting Straight Knife cutting machine complete set - 8"	06	March 22,2010	2.92	Eastman C.R.A ( Hongkong) Ltd. ( Hongkong)
17.	Power Driven Cloth Cutting Round Knife cutting machine complete set	3	March 22,2010	1.93	Eastman C.R.A ( Hongkong) Ltd. ( Hongkong)
18.	Power Driven Semi automatic End cutter	6	March 22,2010	2.35	Eastman C.R.A ( Hongkong) Ltd. ( Hongkong)
19.	Power Driven Bandknife cutting Machine	2	March 22,2010	4.11	Eastman C.R.A ( Hongkong) Ltd. ( Hongkong)
20.	Zig Zag Machine Indian	25	March 20,2010	51.32	BROTHER International Singapore Pte. (Singapore)
21.	Two Needle Class Feed of the Arm Machine complete set with Racing Puller	100	March 20,2010	147.69	BROTHER International Singapore Pte. (Singapore)
22.	Electronic Barteck Machine complete set	18	March 20,2010	25.23	BROTHER International Singapore Pte. (Singapore)
23.	Computerised collar making machine	50	-	216.83	The said machinery is readily available in the market. **
24.	Computerised cuff making machine	25	-	86.65	The said machinery is readily available in the market.**
<b>INDIGENOUS</b>					
25.	Thread Sucking Machine	10	March 20,2010	5.20	Ramsons Garment Finishing Equipment Pvt. Ltd
<b>Total ( Indigenous)</b>				<b>5.20</b>	
<b>Total ( Imported )</b>				<b>1,764.61</b>	

Sr. No	Details of Machineries, spares, consumables, etc.	No. of units	Date of the Quotation	Cost*	Name of Vendor (country) / quotations received
	<b>Total</b>			<b>1,769.81</b>	
<b>Embroidery Unit</b>					
<b>IMPORTED</b>					
1	Computerised 18 Head 12 Colour emboridery machine with sequin	6	March 20,2010	226.22	Unity Trading Corporation ( Japan)
2	Computerised 18 Head 12 Colour emboridery machine	6	March 20,2010	271.46	Unity Trading Corporation ( Japan)
3	Computersised 4 Head 12 colour emboridery machine	5	March 20,2010	87.97	Unity Trading Corporation ( Japan)
4	Computerised 28 Head 12 Colour emboridery machine	2	March 20,2010	1,055.67	Unity Trading Corporation ( Japan)
5	Laserseit Laser Bridge for Embroidery Applique cutting	2	March 20,2010	156.73	SEIT Elettronica s.r.l
6	Embroidery Punching Software + Hardware	4	-	97.85	The Said Machinery are readily available in the market **
	<b>Total ( Imported )</b>			<b>1,895.90</b>	
<b>Finishing Department</b>					
<b>INDIGENOUS</b>					
1.	Fabric Inspection Machine - with edge control	3	March 20,2010	7.05	Ramsons Garment Finishing Equipment Pvt. Ltd
2.	Online Pressing Tables with press	100	March 20,2010	17.00	Ramsons Garment Finishing Equipment Pvt. Ltd
3.	Iron tables with vaccum suction with press n tubelight tray 130x 180	100	March 20,2010	25.00	Ramsons Garment Finishing Equipment Pvt. Ltd
4.	Stain Removing Machine with 3 nozzles	4	March 20,2010	3.52	Ramsons Garment Finishing Equipment Pvt. Ltd
5.	Tag attaching Machine	10	-	7.60	The Said Machinery are readily available in the market **
6.	Carton Strapping Machine**	10	-	4.50	The Said Machinery are readily available in the market **
7.	Air compressor atlas copco make	06	-	7.33	The Said Machinery are readily available in the market**
	<b>Total (Indigenous)</b>			<b>72.00</b>	
<b>Other Machinery :</b>					
<b>INDIGENOUS :</b>					
1	Operator chair	2250	March 20,2010	24.75	Ramsons Garment Finishing Equipment Pvt. Ltd
2	Centerline Table for sewing Machines size 2'x8'	100	March 20,2010	8.80	Ramsons Garment Finishing Equipment Pvt. Ltd
3	Checking Tables	50	March 20,2010	4.40	Ramsons Garment Finishing Equipment Pvt. Ltd
4	Sorting Tables	25	March 20,2010	5.40	Ramsons Garment Finishing Equipment Pvt. Ltd
5	Fabric Storage Racks H8' X D'5' X W8'	10	March 20,2010	14.45	Ramsons Garment Finishing Equipment Pvt. Ltd
6	Cutting Table 6' X 40 '	10	March 20,2010	10.80	Ramsons Garment Finishing Equipment Pvt. Ltd
7	Racks for cut part racks	35	March 20,2010	5.08	Ramsons Garment Finishing

Sr. No	Details of Machineries, spares, consumables, etc.	No. of units	Date of the Quotation	Cost*	Name of Vendor (country) / quotations received
					Equipment Pvt. Ltd
8	Factory Equipments ( Racks of accessories,Locker Storage,etc.)		-	3.32	The Said Machinery are readily available in the market.**
	<b>Total (Indigenous)</b>			<b>77.00</b>	
<b>Utilities</b>					
<b>INDIGENOUS</b>					
1.	Power Generator	2	-	60.00	The Said Machinery are readily available in the market.**
2.	Sewage Water Treatment Plant	1	-	15.00	The Said Machinery are readily available in the market.**
3.	Effluent Treatment Plant	1	-	30.00	The Said Machinery are readily available in the market.**
4	Steam Boiler (electric run/wooden-fired) 200kgs steam/hour	1	-	45.00	The Said Machinery are readily available in the market**
	<b>Total (Indigenous)</b>			<b>150.00</b>	
<b>Washing Department</b>					
<b>INDIGENOUS</b>					
1.	Garment Laundry	4	-	50.00	The Said Machinery are readily available in the market.**
	<b>Total (Indigenous)</b>			<b>50.00</b>	
<b>SUMMARY</b>					
	Total (Indigenous)			<b>354.19</b>	
	Total (Imported)			<b>3,660.51</b>	
	<b>GRAND TOTAL</b>			<b>4,014.70</b>	
<b>Erection, Commissioning &amp; Miscellaneous Expenses</b>					
1.	Custom Duty @ 3.2% on Imported Machinery	-	-	117.14	-
2.	Vat @12.50 % on IndigenousMachinery	-	-	44.27	-
3.	Erection / Commissioning Expenses	-	-	108.92	-
	<b>Total</b>			<b>270.33</b>	
	<b>Grand Total (Proposed)</b>			<b>4,285.03</b>	

#### MACHINERY INSTALLED

(Rs in lacs)

Sr. No.	Details of Machineries, spares, consumables, etc.	No. of units	Date of Invoice	Cost	Name of Vendor / Make	Date of Delivery
1	Single needle power operated industrial lockstitch sewing machine	50	November 28,2009	8.24	Brother International Singapore PTE Ltd.	December 22,2009
2	Single needle power operated industrial lockstitch sewing machine	25	November 30,2009	2.75	Zhejiang New Jack Sewing Machine Co. Ltd	January 05,2010
3	Button hole machine with locking device.	02	November 28,2009	4.74	Brother International Singapore PTE Ltd.	December 22,2009
4	Bar tacking machine.	07	November 28,2009	10.41	Brother International Singapore PTE Ltd.	December 22,2009



5	Button stitch sewing machine.	04	November 28,2009	7.70	Brother International Singapore PTE Ltd.	December 22,2009
6	Feed-off-the-arm industrial sewing machine.	01	November 28,2009	1.06	Brother International Singapore PTE Ltd.	December 22,2009
7	Feed-off-the-arm industrial sewing machine.	04	December 04,2009	3.20	Zhejiang Zusun Sewing Machine Co. Ltd	January 05,2010
8	Feed-off-the-arm industrial sewing machine.	01	November 30,2009	0.45	Zhejiang New Jack Sewing Machine Co. Ltd	January 05,2010
9	Chain stitching machine.	08	November 30,2009	2.03	Zhejiang New Jack Sewing Machine Co. Ltd	January 05,2010
10	Power operated overlock machine	04	November 30,2009	0.89	Zhejiang New Jack Sewing Machine Co. Ltd	January 05,2010
11	Five thread flat lock machine without trimmer.	11	November 30,2009	2.07	Zhejiang New Jack Sewing Machine Co. Ltd	January 05,2010
12	Edge cutting sewing machine	24	November 30,2009	4.04	Zhejiang New Jack Sewing Machine Co. Ltd	January 05,2010
13	Zigzag flat bed sewing machine	02	November 30,2009	0.24	Zhejiang New Jack Sewing Machine Co. Ltd	January 05,2010
14	Continuous Fusing press.	02	December 17,2009	12.67	Hasima (S) Pte Ltd	January 16, 2010
	<b>TOTAL</b>			<b>60.48</b>		

Note : The Exchange rate on the above machineries are as existed at the time of payment .

\***Conversion** : 1 Euro = Rs. 62.69 / 1 JPY = Rs. 0.5027 / 1 USD = Rs. . 45.513 / 1 CHF = Rs. 43.0444 (source : www.rbi.org, www.oanda.com as on March 15, 2010)

\*\* Based on our internal estimates.

As on date, there are no orders placed for any machinery which is yet to be delivered.

#### Funds Deployment schedule :

Activity	(Rs in lacs)			TOTAL
	Already Deployed	To be Deployed		
	Upto March 31, 2010	FY 2011	FY 2012	
Land acquisition	423.89	0.00	0.00	423.89
Factory Building construction	109.30	1,540.70	150.00	1,800.00
Plant & Machinery	60.48	4,085.03	200.00	4,345.51
Furniture, Fixtures & Office Equipments	-	240.00	100.00	340.00
<b>TOTAL</b>	<b>593.67</b>	<b>5,865.73</b>	<b>450.00</b>	<b>6,909.40</b>

## B. Expansion of Yarn Dyeing and Weaving Facility at Tarapur :

### Land :

Our Company proposes to expand the yarn dyeing and weaving facility at C-2, MIDC, Tarapur, Boisar, Taluka Palghar, Thane admeasuring 40565 sq. mtrs. The said land was acquired by Our Company on a leasehold basis from MIDC *vide* the sale deed dated June 24, 2004.

### Civil Work & Building:

We intend to expand our weaving facility on a total built up area admeasuring 1.50 lacs sq. ft, which comprises of factory building (including ground plus one floor) and site development at an estimated cost of Rs.1600.00 lacs.

Following are the details of the Civil Work:

Details of Building	Activities	Estimated Built-up Area (lacs in sq. ft.)	Estimated Cost (In Rupees lacs)
Factory Building Consisting of ground plus 1 floors	This includes RCC Framed structure, Aluminum Glazed windows, Galvanized rolling shutter, RCC Trimix flooring, plinth protection and other construction activities.	1.5	1,500.00
Site Development	Consisting of boundary wall, levelling & Murrum filling in the plot with Murrum brought from out side in the plot. Development of internal road in the plot.	Lumpsum	100.00
<b>TOTAL</b>			<b>1,600.00</b>

**NOTE :** The cost of the factory building and the site development at various locations has been estimated based on the Estimate dated March 29, 2010 issued by M/s Desai Construction Pvt. Ltd. (Civil Contractor) Yash Kamal, Tithal Road, Valsad, Gujarat – 396 001

### Plant and Machinery:

Following are the details of the some plant and machinery proposed to be acquired for the weaving unit. :

(Rs in lacs)

Sr. No.	Details of Machineries, spares, consumables, etc.	No. of units	Date of Quotation	Cost	Name of Vendor (country)/ quotations received
<b>ELECTRICAL</b>					
<b>INDIGENOUS</b>					
1	Power Transformer 2500 KVA	01	March 23, 2010	28.80	Voltamp Transformer Ltd.
2	HT Breaker (33 KV Breaker Kiosk)	Lumpsum	March 16, 2010	6.85	Technocraft Switchgear
3	MV Panel & Bus Duct	Lumpsum	March 22, 2010	56.84	Technik Electrical and Mechanical Industries
4	Light Fixture	Lumpsum	March 20, 2010	17.81	Trik Corporation
5	Fire System	Lumpsum	March 26, 2010	1.17	Crossfire Safety System (P) Ltd
6	Electrification , Power & Lighting Installation	Lumpsum	March 22, 2010	53.34	Technik Electrical and Mechanical Industries
	<b>TOTAL (Indigenous)</b>			<b>164.81</b>	
<b>MECHANICAL</b>					

<b>INDIGENOUS</b>					
1	Compressor 2800 CFM @ 7.5 bar	1	March 26, 2010	66.75	Ingersoll rand (India) Ltd.
2	Laying Insulation	Lumpsum	March 29, 2010	10.15	Navbharat Insulation & Engg. Co
3	Fabrication Items	Lumpsum	March 24, 2010	97.79	Liben Engineering Services
4	Softening Plant	1	March 19, 2010	4.95	Parchem Enterprises
5	Effluent Treatment Plant (Material)	Lumpsum	March 15,2010	10.00	Klean Environment Consultants Pvt. Ltd
	<b>TOTAL (Indigenous)</b>			<b>189.64</b>	
<b>WEAVING :</b>					
1	Rapier Dobby Looms Optimax – 4- R- 190	12	February 11, 2010	585.80	Picanol N.V
2	Rapier Dobby Looms Optimax – 8- R- 190	04	February 11, 2010	211.94	Picanol N.V
3	Rapier Dobby Looms Optimax – 4- R- 190	21	February 11, 2010	867.95	Picanol N.V
4	Air Jet Looms Omniplus 800 -4 -P -190	56	February 20, 2010	1690.45	Picanol N.V
5	Direct Warping Machine	1	March 18, 2010	114.66	Beninger
6	Knotting Machine with Trolley	2	March 23, 2010	34.87	Staubli AG
<b>INDIGENOUS</b>					
7	Warping Machine Sectional	2	March 25, 2010	139.13	Vamatex Machinery (India)
8	Overhead Head Caranes	6	March 21, 2010	6.92	Simta Machinery Private Ltd
9	Inspection and Folding Machine	06	June 04,2009	10.83	Almac
	<b>Total ( Indigenous)</b>			<b>156.88</b>	
	<b>Total (Imported)</b>			<b>3,505.67</b>	
	<b>TOTAL (WEAVING)</b>			<b>3,662.55</b>	
<b>SAMPLING SECTION</b>					
1	Sample Warper Machine	2	March 24, 2010	17.19	CCI Tech Inc
2	Rapier Dobby Looms Optimax – 4- R- 190	12	February 11, 2010	585.80	Picanol N.V
3	Rapier Dobby Looms Optimax – 8- R- 190	04	February 11, 2010	211.94	Picanol N.V
4	Automatic Sampling Looms	04	March 24, 2010	90.12	CCI Tech Inc
	<b>TOTAL (SAMPLING )</b>	<b>(Imported)</b>		<b>905.05</b>	
	Total (Indigenous)			<b>511.33</b>	
	Total (Imported)			<b>4,410.72</b>	
	<b>GRAND TOTAL (PROPOSED)</b>			<b>4,922.05</b>	

(Rs in lacs)

<b>MACHINERY ORDERED :</b>						
Sr. No.	Details of Machineries, spares, consumables, etc.	No. of units	Date of Purchase Order	Cost	Name of Vendor / Make	Expected Date of Delivery
01	Humidification Plant Looms & Warping	Lumpsum	February 17, 2010	115.00	Luwa Textile Air Engineering	June 16, 2010

(Rs in lacs)

<b>Erection, Commissioning &amp; Miscellaneous Expenses</b>						
1.	Custom Duty @3.2% on Imported Mch.	-	-	-	141.14	-
2.	Vat @12.50 % on Indigenour Mch.	-	-	-	78.29	-
3.	Erection / Commissioning Expenses	-	-	-	35.16	-
	<b>TOTAL</b>				<b>254.59</b>	
<b>GRAND TOTAL</b>					<b>5,291.64</b>	

<b>MACHINERY INSTALLED :</b>						
Sr. No.	Details of Machineries, spares, consumables, etc.	No. of units	Date of Invoice	Cost*	Name of Vendor / Make	Date of Delivery
1	Yarn Dyeing Machine	11	August 29, 2007	199.75	Fongs National Engg.	October 08, 2007
2	Yarn Dyeing Machine	04	January 23, 2009	39.74	Gofront Holding Limited	February 11, 2009
3	Yarn Soft Winding Machine	02	November 28, 2008	246.38	Fadis SPA	January 17, 2009
4	Yarn Dyeing Machine	01	August 25, 2008	18.06	Fongs National Engg	September 17, 2008
5	Yarn Rewinding Machine	05	September 15, 2008	136.26	Peass Industrial Engginers Limited	October 19, 2008
6	Automatic Dye weighing Machine	01	November 25, 2008	108.71	Tecnorama SRL	January 12, 2009
7	Automatic Dye weighing Machine	01	March 12, 2008	52.32	Special Finishes Limited	March 29, 2008
8	Sample Warping Machine alongwith Standard Accessories	01	July 19, 2008	86.27	T.Tech	September 02, 2008
9	"Yamada" Single Yarn Sizing Winder, alongwith standard accessories	01	September 10, 2008	60.65	Kyoshin Technica Ltd, Japan	October 15, 2008
10	Shuttless Air Jet Looms	32	December 29, 2009	***551.47	T.Tech GmbH	February 07, 2010
11	Automatic Drawing Machine	01	January 29, 2009	213.32	Staubli, Switzerland	March 25, 2009
12	Beam Knotting Machine	01	January 29, 2009	17.84	Staubli, Switzerland	March 25, 2009
13	Automatic Cleaning Unit Basic Machine	01	November 05, 2008	47.61	Spaleck GmbH & Co. Kg, Germany	December 12, 2008
14	High Spedd Sizing Machine	01	May 17, 2009	230.62	Jupiter Make	May 30, 2009
15	Sectional Warping Machine	01	July 25, 2009	129.37		August 08, 2009
16	Shuttless Air Jet Looms	07	December 07, 2009	✓170.13	B.V.B.A UNICA SPRL	February 03, 2010

17	Machinery for Mechanical	Lumpsum	-	422.95	-	-
18	Machinery for Electrical	Lumpsum	-	206.50	-	-
19	Utilities Machine for Weaving	Lumpsum	-	206.37	-	-
20	Erection & Installation Exp	Lumpsum	-	187.50	-	-
<b>TOTAL MACHINERY ACQUIRED</b>				<b>3,331.82</b>		
<b>GRAND TOTAL</b>				<b>8,623.46</b>		

\***Conversion:** 1 Euro = Rs. 62.69/ 1 JPY = Rs. 0.5027/ 1 USD = Rs. 45.513 /1 CHF = Rs. 43.0444 (source: www.rbi.org, www.oanda.com as on March 15, 2010)

\*\* Based on our internal estimates.

\*\*\* The said machinery is second hand in nature with residual life of not less than 25 years as certified by the chartered engineers certificate issued by Dipl –Ing Wolfgang Kruschwitz, Oberdiebemer Strasse 175, 47805 krefeld dated November 17, 2009.

✓ The said machinery is second hand in nature with residual life of not less than 15 years as certified by the chartered engineers certificate issued by Louwers & Co B.V dated November 30, 2009.

#### Furniture, Fixtures & Office Equipments:

We have estimated amount upto Rs.56 lacs to be incurred towards cost of furniture and fixtures, which cost shall inter-alia, include cost of office furniture, fixtures, equipments, computers (including computer peripherals) and telecom. As on date of this Red Herring Prospectus, we have not incurred any expenditure under this head.

#### Fund Deployment Schedule:

Activity	(Rs in lacs)			TOTAL
	Already Deployed Upto March 31, 2010	To be Deployed		
		FY 2011	FY 2012	
Factory Building construction	396.00	1,100.00	104.00	<b>1,600.00</b>
Plant & Machinery	3,331.82	5,091.64	200.00	<b>8,623.46</b>
Furniture, Fixtures & Office Equipments	0.00	56.00	0.00	<b>56.00</b>
<b>TOTAL</b>	<b>3,727.82</b>	<b>6,247.64</b>	<b>304.00</b>	<b>10,279.46</b>

#### SUMMARY OF FUNDS DEPLOYED IN THE EXPANSION PROJECT

According to the certificate dated April 02, 2010 issued by Nilesh Gore & Company Chartered Accountants, following are the expenses incurred towards the Objects:

			(Rs. in lacs.)
Sr. No.	Particulars		Amount
<b>COST OF THE PROJECTS :</b>			
1.	Garmenting unit At Tarapur, Maharashtra	593.67	
2.	Expansion of Weaving Facility: Implementation of second phase of Expansion of weaving facility at MIDC, Tarapur, Maharashtra	3,727.82	
<b>TOTAL</b>			<b>4,321.49</b>
<b>MEANS OF FINANCE</b>			
1	Internal Accruals	-	<b>800.84</b>
2	<b>Term Loans :</b>		
	State Bank of Patiala	3,075.40	
	Axis Bank & Consortium	445.25	<b>3,520.65</b>
<b>TOTAL</b>			<b>4,321.49</b>

### SCHEDULE OF IMPLEMENTATION:

Sr. No.	Activity	Garment			Weaving		
		From	To	Status	From	To	Status
1	Land acquisition	June 2009	November 2009	Completed	Completed		Completed
2	Machinery selection, order placing and LC opening	November 2009	October 2010	In Progress	September 2009	June 2010	In Progress
3	Building construction completion	November 2009	January 2011	In Progress	March 2010	January 2011	In progress
4	Machinery Installation	November 2010	December 2010		February 2010	February 2011	In progress
5	Machinery Procurement & Trial Runs	January 2011	February 2011		January 2011	February 2011	
6	Commercial Production	February 2011			February 2011		

### C. MARGIN MONEY FOR WORKING CAPITAL

#### Capacity utilisation vis-à-vis business growth:

The Capacity utilization of the company for the last three fiscal 2007, 2008 and 2009 and estimated for fiscal 2010, 2011 and 2012 are as under :-

Year ended March 31,	ACTUALS			PROJECTIONS		
	2007	2008	2009	2010	2011	2012
<b>Capacity utilisation (%)</b>						
Yarn Dyeing	91.67%	93.89%	92.50%	85.00%	90.00%	95.00%
Weaving	82.09%	91.67%	86.73%	85.00%	90.00%	90.00%
Fabric Processing	63.07%	83.25%	86.09%	70.00%	80.00%	85.00%
Garment Stitching (Incl outsourcing)	93.24%	127.37%	99.78%	100.00%	85.00%	100.00%

#### CAPACITIES AFTER EXPANSION :

Activity	Existing Capacity	Capacity under Expansion project	Capacity post Expansion
Yarn Dyeing	30.00 lac Kg. per annum	--	30.00 lac kgs per annum
Weaving	180.00 lac mtrs per annum	180.00 lac mtrs per annum	360.00 lac mtrs per annum
Processing	516.00 lac mtrs per annum	--	516.00 lac mtrs per annum
Garments Manufacturing	36.0 lac pieces per annum	47.00 lac pieces per annum	83.00 lac pieces per annum

The Current trend of growth in revenue of our company had been:

In the FY ended March 31, 2009, 2008 and 2007 our sales figures were Rs. 46,325.17 lacs, Rs. 40,693.94 lacs and Rs. 24,033.69 lacs respectively. The following table gives the breakup of revenues from our two main business segments, textiles and garments:

Particulars	FY 2007		FY 2008		FY 2009		Nine months period ended December 31, 2009		CAGR (%)
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	
Textile	16,794.60	69.88	29,328.25	72.07	30,867.68	66.63	35,870.17	81.66	35.57
Garments	7,327.09	30.12	11,365.69	27.93	15,457.49	33.37	8,055.57	18.34	46.13
<b>Total</b>	<b>24,033.69</b>	<b>100.00</b>	<b>40,693.94</b>	<b>100.00</b>	<b>46,325.17</b>	<b>100.00</b>	<b>43,925.73</b>	<b>100.00</b>	

(Rs. in lacs)

#### Details of Margin Money For Working Capital:

The working capital margin requirement has been calculated on the basis of additional working capital required over a period of next two-years based on the expansions planned under the Objects. Raw Material (RM), Work in Progress (WIP), Finished Goods (FG) and Auxiliary material have been taken at various levels, which is in consonance with the industry practice and past trends.

Nature of Expenses	Holding Level (Days)	F.Y. 2009	Holding level in period of days	(Rs. in lacs.)	
				F.Y. 2010	F.Y. 2011
<b>Current Assets</b>		<b>Audited</b>		<b>Estimated</b>	
Raw Material	57 Days	5,916	50 Days	7,421	10,297
Work in Progress	03 Days	251	08 Days	1,036	1,554
Finished Goods	73 Days	7,452	64 Days	8,515	10,155
Auxiliary Material	09 Days	107	08 Days	279	373
Debtors ( Domestic)	23 Days	2,539	26 Days	4,565	5,598
Debtors (Export)	41 Days	1,539	76 Days	3,340	5,599
<b>Total Working Capital (A)</b>		<b>17,804</b>		<b>25,156</b>	<b>33,576</b>
<b>Current Liabilities</b>					
Creditors for Purchase of raw materials	15 Days	1,487	13 Days	2,000	2,581
Creditors for Expenses	10 Days	2,230	05 Days	589	631
Statutory Provision		317		317	317
<b>Total of Current Liabilities (B)</b>		<b>4,034</b>		<b>2,906</b>	<b>3,529</b>
<b>Net Working Capital( A-B)</b>		<b>13,770</b>		<b>22,250</b>	<b>30,047</b>
Working Capital Borrowings		8,773		16,400	21,500
<b>Margin</b>		<b>4,997</b>		<b>5,850</b>	<b>8,547</b>
				<b>853</b>	<b>2,697</b>
<b>Total</b>					<b>3,550</b>

Justification for Holding period levels :



Inventory	Inventory holding levels of Raw Materials, Semi Finished Goods, Finished goods etc. are expected to be line with March 09 levels
Receivables	Receivables holding period to be expected higher on account of export sale. As it may be due to global slow down in the economy we have to offer more credit period to the buyer
Creditors	Level of creditors of Raw Materials are expected to be line with March 09 levels

All of the above projections are based on management estimate and have not been appraised by any bank.

Our sanctioned working capital limit as on February 28, 2010 in Rs.111.00 lacs

#### **D. GENERAL CORPORATE PURPOSE**

Our Board of Directors will have the flexibility in sanctioning the utilization of excess funds, if any for general corporate purpose including but not limited to the repayment of loans, working capital requirement, expansion of our operations domestically and/or internationally through organic or inorganic route, as may be available.

Our Board of Directors will review various requirements from time to time and in response to the competitive and dynamic nature of the industry, our management will have the discretion to revise our Company's business plan from time to time.

#### **ISSUE EXPENSES**

The expenses for this Issue include lead management fees, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately Rs. [●] lacs as per the following break up:

<b>Activity</b>	<b>Rs. in lacs</b>
Lead management, underwriting and selling commission	[●]
SCSB's Commission	[●]
Advertising and marketing expenses	[●]
Printing and stationery (including transportation charges)	[●]
Others (Registrar's fees, legal fees, fees for auditors and bankers to the issue, stamp duty, initial listing fees and annual listing fees, SEBI filing fees, other statutory fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[●]
Fees paid to IPO grading agency	[●]
<b>Total</b>	<b>[●]</b>

\*Will be incorporated after finalization of the Issue Price.

#### **INTERIM USE OF PROCEEDS**

Pending utilization for the purposes described above, we intend to invest the funds in high quality liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdrafts. Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Issue. Our Company confirms that pending utilization of the Issue proceeds; it shall not use the funds for any investments in the equity markets.

#### **MONITORING OF UTILIZATION OF FUNDS**

Our Board will monitor the utilization of the Net Proceeds of the Issue. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for fiscal 2011, and fiscal 2012, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

As per Clause 49 of the listing agreements with the Stock Exchanges, we shall disclose to the Audit Committee, the uses / applications of funds on a quarterly basis as a part of our quarterly declaration of financial results. Further, we shall, on a quarterly basis, prepare a statement indicating material deviations, if any, in the use of Issue proceeds. Such statement shall be furnished to the Stock Exchanges along with the interim and / or annual financial statements and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before our Audit Committee.



No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter Group individuals and key managerial employees, except in the normal course of our business.

## BASIC TERMS OF THIS ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus and other terms and conditions as may be incorporated in the Prospectus, Bid-cum-Application Form, ASBA Form, allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on July 24, 2009 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting of shareholders held on August 04, 2009.

The Company has obtained in-principle listing approvals dated November 05, 2009 and November 30, 2009 from the BSE and the NSE, respectively. The Company has also obtained necessary contractual approvals required for the Issue.

### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment. See the section titled '*Main Provisions of the Articles of Association of our Company*' beginning on page 288 of this Red Herring Prospectus for a description of the Articles of Association.

### Mode of Payment of Dividend

The payment of dividend will be as per the provisions of the Companies Act and recommended by the Board of Directors and the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

### Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of this Red Herring Prospectus at a price of Rs. [●] per share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

### Compliance with SEBI (ICDR) Regulations

We shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, directors or the person(s) in control of our Promoters, Group Companies, companies in which we have substantial shareholding and companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, our Directors, Promoters and Group Companies have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

## **Rights of the Equity Shareholders**

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 on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of our Company.

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer section titled '*Main Provisions of the Articles of Association of our Company*' beginning on page 288 of this Red Herring Prospectus.

## **Promoter Group**

The member of the promoter Group will not be eligible to participate in this Issue.

## **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

## **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, the trading in the Equity Shares of our Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of [●] Equity Shares.

## **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, Maharashtra, India.

## **Arrangement for disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

## **Nomination Facility to the Investors**

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of the death of the sole Bidder or in the case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) and in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) and by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or from the Registrar and transfer agent of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall, upon the production of such evidence as may be required by our Board, elect either:

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

Further, 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 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the Allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no requirement to make a separate nomination with us. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors wish to change the nomination, they will have to inform their respective Depository Participants.**

### **Minimum Subscription**

If we do not receive the minimum subscription of 90% of the Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, amount with interest as per Section 73 of the Companies Act. Further, in accordance with sub-regulation (4) of Regulation 26 of the SEBI (ICDR) Regulations we shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted will be not less than 1,000. If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company become liable to refund the subscription amount (i.e., 10 weeks from the Bid Closing Date), our Company shall pay interest prescribed under Section 73 of the Companies Act.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### **Notice To QIB Bidders: Allotment Reconciliation**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar to the Issue on the basis of Bids received. Based on the electronic book, QIB Bidders will be sent a CAN indicating the number of Equity Shares that are being allocated to them. However, within a few days thereafter but prior to the Board meeting for final Allotment of Equity Shares in the Issue, the Registrar to the Issue will also prepare a physical book, which may be different from the electronic book. This is because certain applications in the Non-Institutional Portion and Retail Portion may be rejected due to non-receipt of funds, cancellation of cheque, cheque-bouncing, incorrect details, technical rejections, etc, and these rejected applications may not be reflected in the electronic book but will be reflected in the physical book. As a result, additional Equity Shares may be available for allocation in the QIB Portion provided the QIB Portion is over-subscribed and the Non-Institutional Portion and Retail Portion are not fully subscribed. In such event, QIB Bidders may receive an increased allocation of Equity Shares and such increase in allocation will be reflected in a revised CAN that is sent to QIB Bidders.

### **Restriction on transfer of shares**

There are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting except as provided in our Articles. See further details; see the section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 288 of this Red Herring Prospectus.

### **Withdrawal of the Issue**

Our Company, in consultation with the BRLMs reserves the right not to proceed with the Issue at any time before Allotment in this Issue, without assigning any reason thereof. If our Company withdraws from the Issue, it shall issue a public notice within two days of

the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

Notwithstanding the foregoing, the Issue shall also be subject to:

- I. The final listing and trading approvals of the stock exchanges, which our Company shall apply for after Allotment;
- II. The final RoC approval for the Prospectus, after it is filed with the RoC.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

In terms of the SEBI -Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

#### **Application by Non Residents/NRIs/FIIs / FVCIs**

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of allocation.

## BASIS OF ISSUE PRICE

The issue price will be determined by the Company, in consultation with BRLMs, on the basis of assessment of market demand for the Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value higher end of the Price Band.

### Qualitative Factors

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

- Our Company's operations are vertically integrated across textile and garment manufacturing segments in India, which enables us to derive benefits of economies of scale and quality control
- Our Company has over two decades of experience in the textile industry and has developed long standing relations with our overseas and domestic customers
- Our Company has in-house product design and development unit which gives us the ability to produce innovative designs
- Our Company has invested in modern technology and equipments across all areas of operations and believes that its manufacturing technology is on par with global competitors.
- Our Company has an experienced management team consisting of a mix of individuals with technical and commercial experience in the textile industry who have been able to implement new textile projects.

For details, please refer to "Business Overview – Our Competitive Strengths" beginning on page 78 and "Risk Factors" beginning on page xii of this Red Herring Prospectus.

### Quantitative Factors

#### 1. Earnings Per share ("EPS")

Financial Period	EPS (Rs.)	Diluted EPS (Rs.)	Weight
Year ended March 31, 2007	9.25	9.25	1
Year ended March 31, 2008	15.89	15.89	2
Year ended March 31, 2009	16.11	16.11	3
Weighted Average	14.89	14.89	

The Basic EPS and Diluted EPS for the nine month period ended December 31, 2009 was Rs. 12.15. (Not Annualized)

Note:

(i) the Earning Per share has been computed by dividing net profit, as restated, attributable to equity shareholders excluding extraordinary items by weighted average number of Equity Shares outstanding during the year. Weighted average number of Equity Shares have been computed as per Accounting Standard -20 "Earning per Share" issued by Institute of Chartered Accountants of India.

#### 2. Price/Earnings Ratio ("P/E Ratio")

(i) Based on the diluted EPS of Rs. 16.11 for the Fiscal 2009, P/E ratio based on the above EPS is [●] at the Floor Price and [●] at the Cap Price.

(ii) Based on the weighted average EPS of Rs. 14.89, the P/E ratio is [●] at the Floor Price and [●] at the Cap Price:



## Industry P/E

Textile – Products & Process	
Highest	90.6
Lowest	-
Industry Composite	18.7

Source: Capital Market, April 05 – April 18, 2010  
(Industry: Textiles – Products)

### 3. Average Return on Net Worth (RoNW)

Financial Period	Return on Net Worth (%)	Weight
Year ended March 31, 2007	35.83	1
Year ended March 31, 2008	35.39	2
Year ended March 31, 2009	27.35	3
Weighted Average	31.44	

The Return on Net Worth for the nine month period ended December 31, 2009 was 15.50%. (Not Annualized)

Note: The RoNW has been computed by dividing net profit after tax, as restated, excluding extraordinary items by Net Worth excluding revaluation reserve as at the end of the year.

### 4. Minimum Return on Increased Net Worth Required to Maintain Pre-issue EPS

The Minimum Return on Increased Net Worth Required to Maintain Pre-issue EPS is [●] %.

### 5. Net Asset Value (“NAV”)\*

- NAV per Equity Share as of March 31, 2009 is Rs. 117.76
- NAV per Equity Share as of December 31, 2009 is Rs. 74.22
- NAV per Equity Share after the Issue is Rs. [●]
- Issue Price per Equity Share is Rs. [●]

\*NAV per equity share has been calculated as net worth excluding revaluation reserves as divided by number of equity shares outstanding at the end of the year.

### 6. Comparison with Industry Peers

We have chosen the companies which we believe are our peers for the Company’s operations:

	EPS (Rs.)	P/E (times)	Return on Net Worth (%)	NAV per Equity Share (Rs.)	Sales (Rs. Crs)
Mandhana Industries Limited	16.1	[●]	27.4	117.8	463.3
Bombay Rayon Fashions Limited	13.9	14.2	16.6	145.3	1,342.4

Source: Our EPS, NAV and RONW have been calculated from our audited financial statements for the year ended March 31, 2009.

All figures for industry peers are from Capital Market, April 05 – April 18, 2010  
(Industry: Textile – Processing)



The Issue Price of Rs. [●] per Equity Share has been determined by us, in consultation with the BRLMs, on the basis of assessment of market demand for the offered securities by way of Book Building Process and is justified based on the above accounting ratios. For further details, see the chapter titled “Risk Factors” beginning on page xii of this Red Herring Prospectus and the financials of our company including profitability and return ratios out in the auditors report in the section titled “Financial Statements” beginning on page 167 of this Red Herring Prospectus.

## STATEMENT OF TAX BENEFITS

To,  
**The Board of Directors,**  
**Mandhana Industries Limited,**  
205 / 214, Peninsula Centre,  
Dr. S.S Rao Road,  
Parel , Mumbai – 400012

Dear Sir,

We hereby report that the attached Annexure states the possible tax benefits available to Mandhana Industries Limited (“the Company”) and to the shareholders of the Company under the Income Tax Act, 1961, Wealth Tax Act, 1957 presently in force in India, subject to the fact that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

The contents of this Annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and interpretations of the current tax laws.

**FOR VISHAL H. SHAH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**Vishal H. Shah**  
**Proprietor**  
**Membership No. 101231**

**Place: Mumbai**  
**Date: 23<sup>rd</sup> March, 2010**

The following key tax benefits are available to the Company and the prospective shareholders under the current direct tax laws in India.

The tax benefits listed below are the possible benefits available 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 Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperative it faces in the future, it may or may not choose to fulfill. This statement is only intended to provide the tax benefits to the company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

## **I. SPECIAL TAX BENEFITS**

### **1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY**

There are no special tax benefits available to the Company.

### **2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY**

There are no special tax benefits available to the Shareholders of the Company.

**II. GENERAL TAX BENEFITS** *(these benefits are available to all companies or to the shareholders of any company, after fulfilling certain conditions as required in the respective Act)*

#### **1. Key benefits available to the Company under the Income Tax Act, 1961 ("the Act")**

##### **A) BUSINESS INCOME:**

###### **a) Depreciation:**

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the Act. In case of new machinery or plant that is acquired by the company (other than ships and aircrafts), the company is entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the Act.

###### **b) Amortization of Preliminary Expenses:**

As per Section 35D of the Act, the company is eligible for deduction in respect of preliminary expenses incurred in connection with the extension of an industrial undertaking or setting up of a new industrial units, of an amount equal to 1/5th of such expenses every year for a period of 5 years subject to conditions specified in that section.

###### **c) Deductions under Chapter VI-A of the Act:**

As per section 80G of the Act, the Company is entitled to claim deduction of an specified amount in respect of eligible donations subject to the fulfillment of the conditions specified in that section.

###### **d) MAT Credit:**

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

##### **B) CAPITAL GAINS:**

###### **a) i) Long Term Capital Gain (LTCG)**

LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23

D) of section 10 or a Zero coupon bond held by an assessee for more than 12 months. In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

ii) **Short Term Capital Gain (STCG)**

STCG means capital gain arising from the transfer of capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero coupon bonds, held by an assessee for 12 months or less. In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

- b) LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

Income by way of long term capital gain exempt u/s 10(38) is to be taken into account in computing the Book profit and income tax payable under section 115JB of the Act.

- c) As per section 48 of the Act and subject to the conditions specified in that section, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

As per section 112 of the Act, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% Education and Secondary & Higher Education Cess on tax plus Surcharge (if any) (hereinafter referred to as applicable Surcharge and Education Cess and Secondary & Higher Education Cess)

However, if such tax payable on transfer of listed securities or units or Zero coupon bonds exceed 10% of the LTCG, without indexation benefit, the excess tax shall be ignored for the purpose of computing the tax payable by the assessee, where such transaction is not liable to STT.

- d) As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess) provided the transaction is chargeable to STT. No deduction under chapter VIA shall be allowed from such income
- e) STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).
- f) As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.
- g) As per section 71 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 years.
- h) As per section 54EC of the Act, capital gains arising from the transfer of a long term capital asset shall be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by the following and subject to the conditions special therein:

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

If only part of the capital gains is reinvested, the exemption shall be proportionately available.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/conversion. As per this section, the investment in the Long Term Specified Asset cannot exceed 50 lakh rupees.

## C) OTHER INCOME:

Dividend (both interim and final), if any, received by the company on its investments in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) shall be exempt from tax under Section 10(35) of the Act.

## 2. Key benefits available to the Members of the Company under the Act.

### 2.1 Resident Members

#### a) Dividend income:

Dividend (both interim and final), if any, received by the resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.

#### b) Capital gains:

- a. Benefits outlined in Paragraph 1(B) above are also applicable to resident shareholders. In addition to the same, the following benefit is also available to a resident shareholder being an individual or a HUF.
- b. As per Section 54F of the Act, LTCG arising from transfer of shares other than exempt u/s 10(34) shall be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

### 2.2 Non-Resident Indians / Members Other than FIIs & Foreign Venture Capital Investors

#### a) Dividend Income:

Dividend (both interim and final), if any, received by the non-resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act,

#### b) Capital gains:

Benefits outlined in paragraph 2.1(b) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

#### c) Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident investor.

#### d) Special provisions in case of non-resident Indians in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act.

- i) Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand parents, were born in undivided India.
- ii) Specified foreign exchange assets include shares of an Indian company which is acquired/purchased/subscribed by NRI in convertible foreign exchange.

- iii) As per section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under section 10(38)) from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). No deduction in respect of any expenditure or allowance or deductions under chapter VI-A shall be allowed from such income.
- iv) As per section 115E of the Act, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).
- v) As per section 115F of the Act, LTCG arising on transfer of a foreign exchange asset shall be exempt in case net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.
- vi) As per section 115G of the Act, in case total income of a NRI consists only of income/LTCG from such foreign exchange asset/specified asset and tax thereon has been deducted at source in accordance with the Act, then, it shall not be necessary for a NRI to file return of income under Section 139(1) of the Act.
- vii) As per section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he may furnish a declaration in writing to the assessing officer, along with his return of income under section 139 of the Act for the assessment year in which he is first assessable as a resident, to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.
- viii) As per the provisions of Section 115-I of the Act, Non – Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year under section 139 of the Act, declaring therein 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.
- ix) As per section 115J of the Act, the NRI can opt not to be governed by the provisions of chapter XII-A for any assessment year by furnishing return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of this chapter shall not apply, in which case the other provisions of the income tax act shall apply.

### 2.3 Foreign Institutional Investors (FIIs)

#### a) Dividend Income:

Dividend (both interim and final), if any, received by the shareholder from the domestic company shall be exempt from tax under Section 10(34) read with Section 115O of the Act.

#### b) Capital Gains:

- i) As per Section 115AD of the Act, income (other than income by way of dividends referred to Section 115O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). No deduction in respect of any expenditure/allowance shall be allowed from such income.
- ii) As per Section 115AD of the Act, capital gains arising from transfer of securities shall be taxable as follows:
  - o As per Section 111A of the Act, STCG arising on transfer of securities where such transaction is chargeable to STT shall be taxable at the rate of 15% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).
  - o STCG arising on transfer of securities where such transaction is not chargeable to STT shall be taxable at the rate of 30% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).
  - o LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act,



- LTCG arising on transfer of securities where such transaction is not chargeable to STT shall be taxable at the rate of 10% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). The indexation benefit shall not be available while computing the capital gains.

iii) Benefit of exemption under Section 54EC of the Act shall be available as outlined in Paragraph I (B) (h) above.

**d) Tax Treaty Benefits:**

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements entered into by the Government of India with the country of residence of the on-resident investor,

**2.4 Mutual Funds**

As per the provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

**3. Benefits available to the shareholders of the Company under the Wealth Tax Act, 1957**

Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957; hence, wealth tax is not applicable on shares held in a company.

**Notes:**

- a. All the above benefits are as per the current tax law and will be available only to the sole/first namesholder in case the shares are held by joint holders.
- b. In respect of non-resident investors, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country of residence of the non-resident investor.

## SECTION IV – ABOUT US

### INDUSTRY OVERVIEW

*The information presented in this section, some of which is produced in this Red Herring Prospectus has been extracted from publicly available documents and reports prepared by professional organizations and analysts and from other external sources including CRISIL Research Readymade Garments Annual Review –2009), Ministry of Textiles, Annual Report – 2007-08, Ministry of Textiles, Annual Report – 2008-09, Office of Textiles and Apparel (Otexa, USA), Report of the working group on textile and jute industry for 11th five year plan – 2007-2012, Ministry of Textiles These sources have not been prepared or independently verified by the Company, the Book Running Lead Managers or any of their respective affiliates or advisors and the Company and the Book Running Lead Managers make no representation as to the accuracy or completeness of the information provided in these sources.*

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#### **Overview of the Indian Textile Industry**

The Indian textile industry is one of the oldest and most significant industries in the country. In 2008-09, the textile sector accounted for nearly 4% of the GDP and 14% of the industrial production. It is also a significant foreign exchange earner, contributing to around 17% of India's total exports. The textile sector is also the second largest employment generator after agriculture, providing employment to 35 million people directly. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation. (Source: *Ministry of Textiles, Annual Report – 2008-09*).

The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms / hosiery and knitting sectors form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country. The major sub-sectors that comprise the textiles sector include the organized Cotton / Man-Made Fibre Textiles Mill Industry, the Man-made Fibre / Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

The Government has also provided industry a conducive policy environment and initiated schemes which have facilitated the growth of the industry. The Technology Upgradation Fund Scheme (TUFS), the “flagship” Scheme of the Ministry of Textiles, was launched on April 1, 1999, with the objective to make funds available to the domestic textiles industry to upgrade the technology of existing units, and also to set up new units with state-of-the-art technology to enhance their viability and competitiveness in the domestic and international markets. Initially, the term of the Technology Upgradation Fund Scheme was upto March 31, 2004, and it was extended till March 31, 2007. Due to overwhelming response from the industry, the Government decided to extend the Scheme upto the XIth Five Year Plan, and reframed some of the financial and operational parameters in respect of new loans. In the Xth Five Year Plan (2002-07), Rs. 1,270 crores was earmarked for the scheme. However, the net utilisation of funds was Rs. 2,044.17 crores. The modified techno-financial parameters of the Scheme has lead to the infusion of capital investment into the textiles sector, and has helped it to capitalize on the vibrant and expanding global and domestic markets, through technology upgradation, cost effectiveness, quality production, efficiency and global competitiveness.

Apart from TUFSS, the Government has also taken various initiatives to ensure growth of the Industry:

- 100 per cent FDI allowed through the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the small-scale industries sector in end-2000.
- The Technology Mission on Cotton has increased cotton production and reduced contamination levels
- Implementation of Scheme For Integrated Textiles Parks (SITP), to provide the industry with world-class infrastructure facilities for setting up their textiles units.

## **Textile Exports**

India's textiles and clothing industry is one of the mainstays of national economy. It is also one of the largest contributing sectors of India's exports worldwide. At current prices the Indian textiles industry is pegged at US\$ 52 billion, 64% of which services domestic demand. The textiles industry accounts for 14% of industrial production; employs 35 million people and accounts for nearly 12% share of the country's total exports basket.

Exports of textiles and clothing products from India have increased steadily over the last few years, particularly after 2004 when textiles exports quota were discontinued. India's textiles & clothing (T&C) export registered a robust growth of 25% in 2005-06, recording a growth of USD 3.5 billion in value terms thereby reaching a level of USD 17.52 billion and the growth continued in 2006-07 as T&C exports were at USD 19.15 billion recording a increase of 9.28% over the previous year. Though India's T&C exports in 2007-08 were badly affected by strong appreciation of the Indian rupee against the US dollar, exports at USD 22.13 billion still managed to record a healthy growth of 15.59% in US dollar terms over 2006-07. Readymade Garments accounts for almost 42% of the total textiles exports. Apparel and cotton textiles products together contribute nearly 72% of the total textiles exports. (Source: *Ministry of Textiles, Annual Report – 2008-09*)

The export basket consists of wide range of items comprising of readymade garments, cotton textiles, handloom textiles, man-made fibre textiles, wool and woollen goods, silk, jute and handicrafts including carpets.. India's textile products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-third of India's textiles exports. The other major export destinations are Canada, U.A.E., Japan, Saudi Arabia, Republic of Korea, Bangladesh and Turkey.

In the liberalized post-quota period, India has emerged as a major sourcing destination for new buyers. As a measure of growing interest in the Indian textiles and clothing sector a number of buyers opened their sourcing/liaison office in India. Commercially, the retailers across the world are looking for options of increasing their sourcing from the Indian markets. Indian manufacturers are also pro-actively working towards enhancing their capacities to fulfil this increased demand.

The European Union is the single largest market for India's textiles products, accounting for 34% of India's total textiles exports, followed by USA which accounts for nearly 25%. Other important countries are the UAE, Saudi Arabia, Canada, Bangladesh, China, Turkey and Japan.

India ranks 3rd in the EU markets of textiles and clothing after China and Turkey, EU's imports of textiles and clothing from India amounted to USD 9.08 billion during calendar year 2008 registering a growth of about 6.42%.

The USA is India's single largest market. During the calendar year 2008, India's exports of textiles and clothing to the US amounted to USD 5.42 billion compared to USD 5.45 billion in the calendar year 2007.

### Segment-wise exports, FY 2005-2008

Group	ITEMS	2005-2006		2006-2007		2007-2008	
		Qty	Value	Qty	Value	Qty	Value
Fibre (Mn. Kg.)	Raw Cotton	605.5	28.7	1145.7	60.5	1434.7	87.5
	MMF	65.6	3.9	148.0	8.9	176.4	11.0
	Others	84.4	1.6	110.7	2.2	152.4	2.9
	<b>Sub Total</b>	<b>755.5</b>	<b>34.2</b>	<b>1404.4</b>	<b>71.6</b>	<b>1763.4</b>	<b>101.4</b>
Yarn (Mn. Kg.)	Cotton Yarn	552.2	65.7	615.6	76.0	664.1	76.8
	Man-made filament yarn	152.3	13.6	218.6	19.4	273.2	22.2
	100% non-cotton yarn	153.6	16.4	163.8	19.4	200.1	23.1
	Others	82.7	4.7	84.6	4.7	85.7	4.7
	<b>Sub Total</b>	<b>940.7</b>	<b>100.3</b>	<b>1082.6</b>	<b>119.5</b>	<b>1223.1</b>	<b>126.8</b>
Fabrics (Mn. Sqm)	Wooven fabrics of cotton	613.7	37.4	643.8	40.5	658.4	41.7
	Man-made woven fabrics	659.7	43.0	687.5	45.9	808.4	53.1
	Others	445.5	30.3	876.9	32.0	501.9	31.6
	<b>Sub Total</b>	<b>1718.9</b>	<b>110.7</b>	<b>2208.2</b>	<b>118.4</b>	<b>1968.7</b>	<b>126.4</b>
RMG (Qty in MN No)	Cotton	1818.0	286.3	1834.8	308.3	1803.8	298.1
	MMF	386.0	48.0	234.5	45.4	232.5	42.4
	Others	255.0	47.6	285.8	49.1	242.6	49.8
	<b>Sub Total</b>	<b>2459.0</b>	<b>381.9</b>	<b>2355.1</b>	<b>402.8</b>	<b>2278.9</b>	<b>390.3</b>
Madeups (Mn. Kg.)	Cotton	320.7	77.1	333.9	74.8	334.2	65.3
	MMF	18.8	5.9	26.4	8.1	29.8	8.1
	Others	127.9	22.4	177.8	21.3	124.9	22.3
	<b>Sub Total</b>	<b>467.4</b>	<b>105.4</b>	<b>538.0</b>	<b>104.1</b>	<b>489.0</b>	<b>95.7</b>
Other Textile items	Others		57.7		63.8		61.7
<b>GRAND TOTAL</b>			<b>790.3</b>		<b>880.3</b>		<b>902.3</b>

Note: Value in Rs. billion

Source: Office of the Textile Commissioner

### Outlook for the Indian Textile Industry

#### Textile sector to witness investments worth Rs. 206 billion by 2011-12

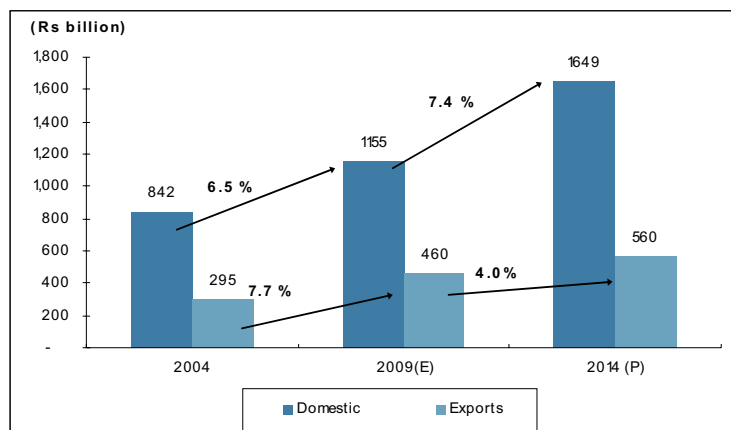
CRISIL Research expects investments totaling to Rs.206 billion during the period 2009-10 to 2011-12 in textiles which includes segments such as Cotton yarn, Man Made Fibres (MMF), Ready-made garments (RMG) and weaving & processing. These investments are being supported by government incentives such as the TUFs and SITP scheme. Demand too is expected to recover after witnessing a sharp decline in 2008-09 following the worsening demand in key exporting destinations of US and Europe.

Nearly 50 per cent of these investments are projected to take place in the RMG segment with higher investments committed in the textile parks under SITP; while minimal investments of Rs 44 billion are expected in the spinning segment (owing to overcapacity). We foresee negligible investment within the MMF segment due to excess capacity build-up, slower demand and dropping operating rates. Our forecasts are based on our assessment of the current demand – supply situation and the availability of government support.

#### Ready Made Garments Market (RMG)

The Indian readymade garments (RMG) industry is highly fragmented in nature. There is intense competition among the players, both in the domestic as well as international (export) markets. However, the competition is not very intense in the designer wear and branded segments due to brand positioning and targeting the niche market. Thus, the garment industry can be classified into mass market and niche market. The competition in the exports market is more intense than in the domestic market, as Indian exporters face competition from low-cost producer countries like China, Pakistan, Vietnam, Sri Lanka, Bangladesh, etc, in the mass market. In the niche market, India faces competition from Germany, Italy and France, among other countries. Thus, to sustain in the mass market, companies need to have high volumes in order to benefit from economies of scale thereby making them cost competitive while players in the niche market can sustain with high-end fashion designs.

According to CRISIL Research, Readymade Garments industry (domestic and exports) is expected to grow at a compounded annual growth rate (CAGR) of 6.4 per cent to touch Rs 2,209 billion in 2014, from Rs 1,615 billion in 2009.



(Source: CRISIL Research Readymade Garments Annual Review –2009)

### **Broad trends in the Ready Made Garments segment**

#### **Domestic Ready Made Garments market size to cross Rs 1,600 billion by 2014**

India's domestic RMG sales is expected to grow at a CAGR of 7.4 per cent to touch Rs 1,649 billion in 2014, from Rs 1155 billion in 2009, primarily due to increasing income levels. Also the rising preference for readymade garments vis-à-vis tailored garments will add to the opportunities for domestic apparel manufacturers. The growth in organised retailing, growing urbanisation and changing consumption pattern will further support the growth of the readymade garment industry.

#### **Garment exports to cross Rs 550 billion (\$12.0 bn) by 2014**

CRISIL Research expects the exports to grow at a CAGR 4.0 percent (in rupee terms) from Rs.460 billion in 2009 to Rs.560 billion by 2014. With the revival expected in the economies of US and EU from 2010, exports are expected to pick up and grow at a CAGR of 4.6 per cent. However, India faces stiff competition from other countries having low cost of production, especially China, Bangladesh and Vietnam. Intense price competition will continue to exert pressure on margins of exporters.

### **Growth Factors for the Ready Made Garments segment**

- **Domestic Apparel Market**

#### **Rising income levels – key driver for the domestic apparel market**

Rising incomes have resulted in higher disposable incomes, thereby enhancing the purchasing power of the average consumer. Also the trend of rising preference for readymade garments vis-à-vis tailored garments, the growing liking for branded apparels and the increasing penetration of organised retail have supported the growth of the domestic readymade garments industry.

#### **Increasing retail penetration - driving sales of apparels**

India's organised retail is expected to grow by 15-20 per cent per annum in the next 5-6 years. Rising disposable incomes, demographic changes, change in the perception of branded products and growing number of retail malls and availability of cheap finance are providing a fillip to the industry. Within the retail market, apparels, footwear and consumer durables are segments with highest organised retail penetration. This vertical also has the highest brand penetration. Of the organised retail of Rs 852 billion, clothing and textiles have the largest share at 27 per cent.

#### **Growing share of private labels**

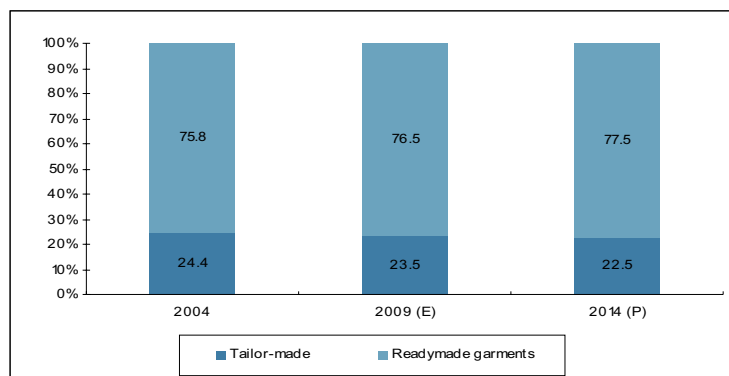
Organised retailers, who initially stored national brands for attracting footfalls and generating a stable revenue stream, have now begun to increase the shelf-space for their in-store labels, also known as private labels. These own-labelled garments are manufactured either by the retailer himself or on a job-work basis. This helps attract footfalls over the years, which is important, especially for formats such as departmental stores.

### Increasing proportion of working females

The proportion of working females to the total female population is growing. A working female in the house would mean higher disposable income for the entire household. This translates into higher consumption expenditure, including clothing and apparel. The working females also purchase additional garments in the form of formal dresses or office-wear, besides regular household-wear and leisure-wear.

### Rising preference for ready-to-wear apparels against tailored garments

The consumption pattern of Indians is shifting gradually from tailor-made garments (stitched by a tailor out of fabrics or cut-piece purchased/chosen by the customer) to ready-to-wear garments. The transition is primarily driven by the increasing availability of RMG, increasing number of shopping malls. Furthermore, the consumers' aspiration to own branded garments has also contributed to the shift from tailor-made garments to ready-to-wear apparel.



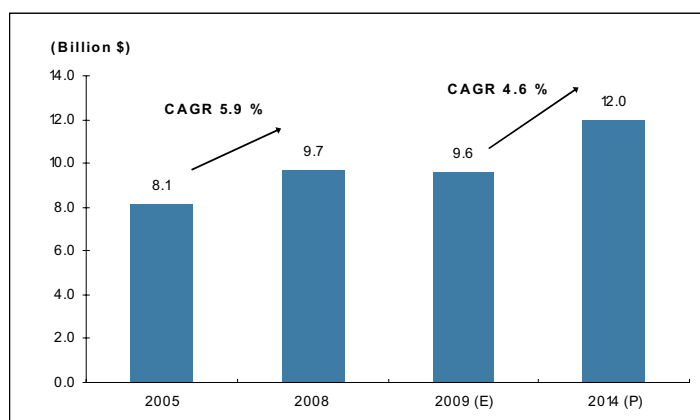
(Source: CRISIL Research Readymade Garments Annual Review –2009)

- **Export Apparel Market**

#### Export market expected to revive post 2010

CRISIL Research expects the exports to grow at a CAGR 4.6 percent (in dollar terms) from \$ 9.6 billion in 2009 to \$12 billion by 2014. Post 2009, with the revival expected in the economies of US and EU, exports are expected to pick up and grow at a CAGR of 4.6 per cent.

#### Exports of Ready Made Garments



(Source: CRISIL Research Readymade Garments Annual Review –2009)

### Outsourcing by major international names facilitates India's garment exports growth

The abolition of quota restrictions has opened the doors of outsourcing opportunities for India. Big international players such as Wal-Mart, JC Penney, Banana Republic, Marks and Spencer, Nike, Lee, and DKNY have identified India as one of the outsourcing destinations as India is one among the low cost garment producers. Besides, these players deal in large volumes which offer opportunities for Indian exporters. Off late, these international players are focussing on vendor consolidation and hence prefer placing orders with large-medium export houses.

### Larger scale required in garment exports segment

The removal of quotas in 2005 has favoured larger players who can build efficiency in the supply chain. The weaving and processing segment continue to be largely fragmented. This has resulted in large garment exporters importing fabrics. In this scenario, exporters having integrated operations with in house weaving and processing facilities would have a better competitive position *vis-à-vis* those which do not.

### Outlook on garment exports to the EU-27

CRISIL Research expects India's exports to EU to grow from 4.0 euro billion in 2009 to 5.1 euro billion – a CAGR of 5 per cent. India's market share which is currently at 3.6 percent is expected to increase to 3.9 percent by 2014.

#### India's apparel exports to EU:

Category name	2005			2009			CAGR (2005-2009)	
	Value	Volume	UVR	Value	Volume	UVR	Value	Volume
EU-27 Apparel Imports	3239	213	15.2	4047	258	15.7	5.7	4.9
Men/Boys' Trousers	140	12	12.1	234	17.8	13.1	13.7	10.4
Women/Girls Bottomwear	734	35	21.2	943	46	20.5	6.5	7.1
Men/Boys' Shirts	300	18	16.8	449	27.1	16.6	10.6	10.8
Women/Girls Shirts	466	17	27.4	759	29.6	25.6	13.0	14.9
T-Shirts	567	41	13.9	673	49	13.7	4.4	4.6
Jerseys	196	15	12.8	209	15	13.9	1.6	0.0
Others	837	76	-	780	74	-	-1.7	-0.8

Note: Value (Euro mn.), Volume (mn. Kgs), Realisation (Euro/Kg), CAGR in per cent

(Source: CRISIL Research Readymade Garments Annual Review –2009)

### Outlook on garment exports to the US

India's exports to US declined by 7 percent in 2009 over 2008. CRISIL Research expects India's exports to revive post 2009. Going forward, India's exports to US are expected to grow from \$2.8 billion in 2009 to \$3.5 billion in 2014 – a CAGR of 4.5 per cent. India's market share which is currently at 4.1 percent in 2009 is expected to increase to 4.3 percent by 2014. This is on account of increased competition from low cost apparel producers like Bangladesh, and China. India's average realization \$3.3 is higher when compared to Bangladesh (\$2.2) and China (\$3.2).



## India's apparel exports to US:

Category No.	Category name	2005			2009			CAGR (2005-2009)	
		Value	Volume	UVR	Value	Volume	UVR	Value	Volume
1	Total Apparel	2976	790	3.8	2846	907	3.1	-1.1	3.5
31	Cotton Apparel	2307	614	3.8	2407	774	3.1	1.1	6.0
338	Men/Boys' Knit Shirt	412	50	8.2	415	63	6.6	0.2	5.9
339	Women/Girls Knit Shirt	202	30	6.7	311	54	5.8	11.4	15.8
340	Men/Boys' Woven Shirt	288	81	3.6	175	41	4.3	-11.7	-15.7
341	Women/Girls Woven Shirt	361	82	4.4	295	57	5.2	-4.9	-8.7
347	Men/Boys' Trouser	139	25	5.6	154	29	5.3	2.6	3.8
348	Women/Girls Trouser	148	30	5	243	60	4.1	13.2	18.9
-	Others (Cotton)	757	316	-	814	470	-	1.8	10.4
61	MMF Apparel	486	150	3.3	314	117	2.7	-10.3	-6.0
	Others	183	26	6.9	125	16	7.8	-9.1	-11.4

Note: Value (\$ Mn.), Volume (Mn. Sq mtrs), Realisation (\$/mtr), CAGR in per cent  
(Source: CRISIL Research Readymade Garments Annual Review –2009)

### Analysis of Exports of Readymade Garments from India

Ready made garments account for around 43 per cent of the total textile exports of the country in 2007-08. For the year 2008-09, RMG exports from India are expected to touch Rs.427 billion.

The export market can be subdivided on the basis of raw material from which the apparel is manufactured into RMG made from cotton, man-made fibres, silk wool and other materials. The largest segment in the export market is the RMG made from cotton; the exports made from segment amounted to Rs. 336 billion out of total garment exports of Rs.427 billion. Thus, this segment accounts for nearly 80 percent of apparel exports from India..

### Country Wise analysis

USA holds around 32 per cent share in the RMG exports of the country at Rs.134 bn. in 2008 whereas EU holds around 59 per cent share. The other important countries where Indian RMG exports have a wide presence are Saudi Arabia, UAE, Japan, China etc. As per Office of Textiles and Apparels (OTEXA), India's share in total US apparel imports in the calendar year 2008 was at 4.3 per cent (value terms). For the period Jan-May 2009, this share has increased to 5.7 per cent from 5.5 percent for the same period in 2008. For the comparable period, China holds around 31.5 per cent share in the total US apparel imports.

### Distribution channels in Indian RMG industry

A distribution channel is a network of outlets through which a product is sold. The company can sell its products through one or more distribution channels. The selection of a distribution channel or channels is one of the management strategies on which the costs and revenues of the company are dependent. Apparel manufacturers either sell their garments in India or export them.

### SWOT Analysis for the Indian Textile Industry

#### **Strengths**

- Strong presence in entire textile value chain from raw material to finished goods
- Flexible production system
- Good talent pool and designing capabilities

**Weakness**

- Structural weakness in weaving and processing
- Highly fragmented and technology backward textile processing sector
- Highly fragmented garment industry
- Inadequate capacity of the domestic textile machinery manufacturing sector
- Infrastructural bottlenecks in terms of power, utility, road transport etc

**Opportunities**

- Increase in disposable income levels
- Increase in working female population
- Consumption of Apparels and made-ups expected to increase on account of growth in organized retailing

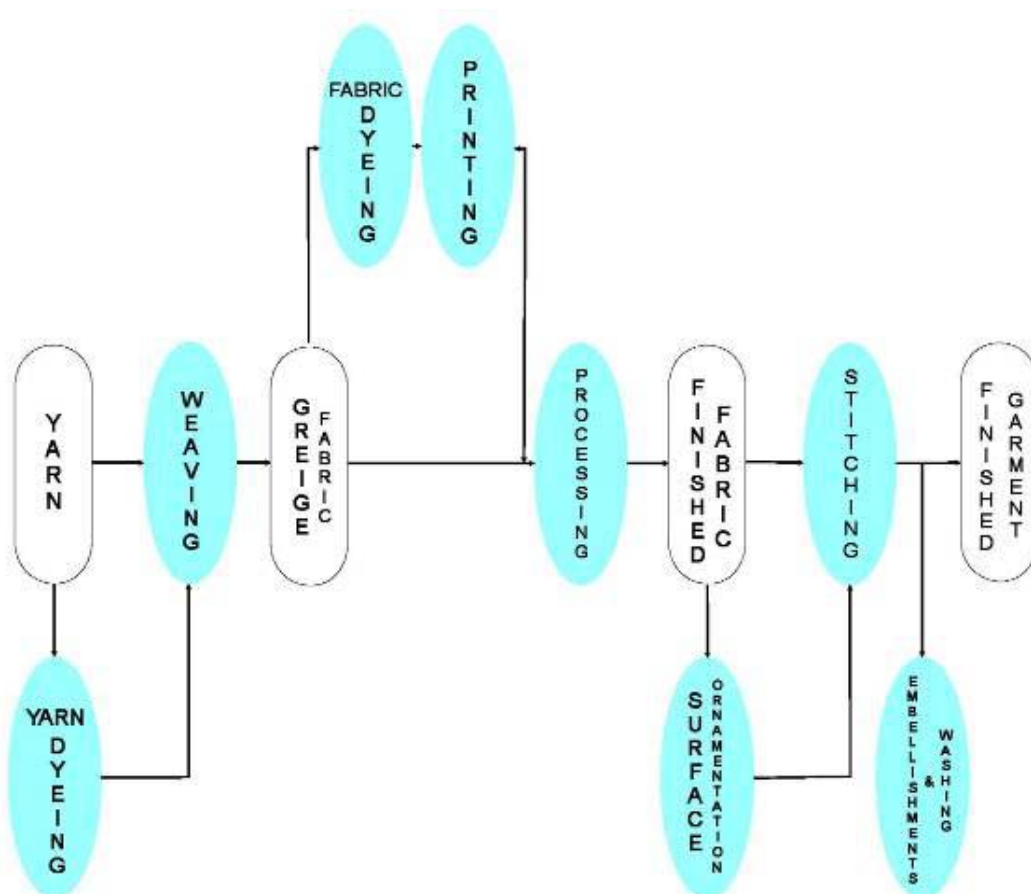
**Threats**

Higher competition from cost competitive countries like China, Bangladesh and Vietnam

## BUSINESS OVERVIEW

We are a vertically integrated textile and garment manufacturing company in India having presence across operations ranging from yarn dyeing to garment manufacturing. Our operations and facilities enable us to manufacture a wide variety of value-added fabrics and garments through our integrated operations comprising of dyeing of yarns and fabrics, weaving operations for fabrics, processing solutions for both, fabrics and garments, garment manufacturing, domain expertise in providing sampling and designing for both fabrics and garments.

### Textile Value Chain



Our major business segments include Textiles and Garments. Our focus is to capitalize on the vertical integration of our operations which would lead to reduction in cost of raw materials and enable us to achieve quality control and thereby result into higher profit margins from our garment business. We believe that we have achieved a high level of self-sufficiency in producing new designs and samples for our clients, which has helped us in enhancing our product portfolio and improving our adaptability to the latest trends. We have positioned ourselves as a multi-product, multi-fibre and multi-market player ensuring that our products include a diverse mix of fabrics and garments which caters to both, domestic as well as the international textile and garment markets.

For the financial year ended March 31, 2009 our sales was Rs. 46,325.17 lacs and our profit after tax was Rs. 3,647.92 lacs. Our sales have grown at a CAGR of 38.83% over the last three years and our PAT for the corresponding period has grown at a CAGR of 37.02%. For the nine month period ended December 31, 2009, our sales was Rs. 43,925.73 lacs and profit after tax was Rs. 2,856.45 lacs. The following table gives the breakup of revenues from our two main business segments, textiles and garments:

(Rs. In lacs)

Particulars	FY 2007		FY 2008		FY 2009		Nine month period ended December 31, 2009		CAGR (FY 2007 - FY 2009) (%)
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	
Textiles	16,794.60	69.88	29,328.25	72.07	30,867.68	66.63	35,870.17	81.66	35.57
Garments	7,239.09	30.12	11,365.69	27.93	15,457.49	33.37	8,055.57	18.34	46.13
<b>Total</b>	<b>24,033.69</b>	<b>100.00</b>	<b>40,693.94</b>	<b>100.00</b>	<b>46,325.17</b>	<b>100.00</b>	<b>43,925.73</b>	<b>100.00</b>	

We have four Textile manufacturing facilities at MIDC Tarapur which comprise of yarn dyeing, weaving and fabric processing.

## **BUSINESS SEGMENTS**

We operate in two Business Segments namely Textiles and Garments.

### • Textiles

Textiles contributed 66.63% of our total revenues for FY 2009 and 72.07% of our total revenues for FY 2008. For the nine month period ended December 31, 2009, it contributed 81.66% of the total sales. In the textiles segment, we are into activities like yarn dyeing, weaving and fabric processing. For the nine month period ended December 31, 2009, finished fabric sales accounted for 82.84% of our sales from this segment.

Within fabrics, we produce greige and finished fabrics like cotton fabrics, yarn dyed fabrics, embroidered, embellished and blended cotton fabrics including cotton blends with nylon, lycra, viscose, mélangé etc. for our customers as well as for our captive consumption.

For the nine month period ended December 31, 2009, our Company was operating weaving looms with a capacity of 180.00 lac mtrs of greige fabric. The total production of greige cloth was 156.12 lac mtrs for the FY 2009 and for the nine month period ended December 31, 2009 the production was 115.05 lac mtrs. In FY 2009, 86.63 lac mtrs was sold to customers and 95.32 lac mtrs was used for our internal consumption. Similarly, for the nine month period ended December 31, 2009, 89.75 lac mtrs was sold to customers and 67.06 lac mtrs was used for internal consumption.

Our processing capacity of finished fabric is 516.00 lacs per annum (of which 312.00 lac mtrs capacity was partially operational as of nine month period ended December 31, 2009). The total quantity of finished fabric processed for FY 2009 was 175.63 lac mtrs and for the nine month period ended December 31, 2009 was 142.56 lac mtrs.

In addition to above, we also derive revenue from sale of yarn. Our yarn dyeing capacity is 30 lac kgs per annum. The total quantity of yarn processed for FY 2009 was 22.20 lac kgs and for the nine month period ended December 31, 2009 was 16.26 lac kgs.

In this segment, we mainly cater to the domestic market which includes clients like Aditya Birla Nuvo (manufacturers of brands like Louis Phillipe, Van Heusen, Peter England, Allen Solly), Pantaloon Retail, ITC (manufacturer of brand Wills LifeStyle), Woodland, Liliput, Blackberry, Indian Terrain Clothing, Colorplus Fashion, Turtle, PJJ Clothing India Limited (manufacturers of the brand Pepe in India), Gini and Jony Limited and S-Oliver.

### • Garments

Our Company produces a wide variety of readymade woven garments which includes shirts, ladies tops, dresses, skirts, kids wear, sports wear and jeans wear. Our Company has installed machineries imported from manufacturers like Brother from Singapore, Juki from Singapore, Hashima from Japan and Modsu from Germany.

Currently, our Company carries out garment manufacturing operations with 1,150 sewing machines with an overall production capacity of 36.00 lacs pieces per annum. In addition to the above, we are also equipped to perform embellishment and surface ornamentation processes like embroidery, printing & washing.

For the nine month period ended December 31, 2009, 93.43% of our total garment sales was exported by us world wide spanning across 25 countries and 5 continents of which the European markets constitute of 77.79% of the total export sales of garments. As of December 31, 2009, our export clientele constituted around 100 customers, which includes brands/labels and retail chains for garments including Tommy Hilfiger, Charles Voegelé, FCUK, RIP CURL, All Saints, Simint, Pepe Jeans, LAFUMA, Auchan, Ben Sherman, Valentino, Colin's and Newyorker.

Currently, in the domestic markets, we supply our garment products to Pantaloon, Lee Cooper, Aditya Birla Nuvo, Shopper Stop, PJJ Clothing India Limited (manufacturers of the brand Pepe in India), Wills LifeStyle and others.

### **Sales Derived From Top Customer**

	FY 2007	FY 2008	FY 2009	Nine month period ended December 31, 2009
Sales from top 3 Customers (%)	16.38	24.38	21.73	32.73
Sales from top 5 Customers (%)	22.17	33.48	29.57	42.45
Sales from top 10 Customers (%)	32.05	46.87	41.38	55.34

### **OUR COMPETITIVE STRENGTHS**

#### **Integrated Operations and Economies of Scale**

Our Company's operations are vertically integrated across textile and garment manufacturing in India having presence across operations ranging from yarn dyeing to garment manufacturing. By virtue of our integrated operations encompassing designing of fabrics and garments, dyeing of yarns, weaving and processing of fabrics, manufacturing of garments, surface ornamentation and embellishments, our company derives benefits of economies of scale and quality control. This along with our wide product range makes our Company a preferred partner for sourcing of textile goods.

Our Company's production capacity in each of its business processes provides advantages of economies of scale. The large volumes ensure bulk quantity discounts on purchases and wide spread of overheads result in reduced cost per unit. We believe that our Company's high level of modernization, trained work force and managerial expertise results in a consistently high level of productivity while maintaining the quality of our products.

Global buyers today are increasingly looking at consolidating their sourcing strategy. This would mean sourcing from fewer countries and fewer vendors. Our Company therefore, we believe, is a preferred vendor because of our size, integrated operations and modern facilities.

#### **Diversified Domestic and International Customer base**

We have over two decades of experience in the textile industry and over this period we have successfully developed long standing relations with our overseas and domestic customers for our fabrics and garments. As on December 31, 2009, our total clientele consisted of more than 700 customers. We believe that we enjoy the confidence of our customers because of our ability to offer in-house designs and samples, timely responsiveness, and capacity to cater to various order sizes.

Our overseas customers include brands like Tommy Hilfiger, Charles Voegelé, FCUK, RIP CURL, All Saints, Simint, Colin's, Pepe Jeans and LAFUMA.. The total sales from the above named overseas customers for the fiscal 2009 and for the nine months period ended December 31, 2009 amounted to Rs. 3,590.33 lacs and Rs. 3,720.83 lacs, respectively, which constituted 7.75% and 8.47% of the total sales and 26.38% and 49.44% of the total exports sales, respectively for the said period. In the domestic market our customers include Aditya Birla Nuvo (manufacturers of brands like Louis Phillipe, Van Heusen, Peter England, Allen Solly), Pantaloon Retail, ITC (manufacturer of brand Wills LifeStyle), Turtle.

#### **In-house Product designing and development**

Product design, development and sampling form an integral part of our Company's operations. It helps us in converting an existing inquiry into an order for our products. We believe that our ability to produce innovative designs is one of our major strengths and improves our competitiveness in the market. Our in-house designing team focuses on providing value-added design products by

understanding the current fashion trends thereby helping us in procuring new as well as repeat orders. We have created a Style Lab & Textile Studio which comprises of the CAD/CAM software. As on July, 2009, we had an archive of over 100,000 designs in garments and more than 150,000 designs in woven fabrics, especially in the yarn dyed variety of fabrics. We also publish a half-yearly magazine showcasing more than 1,000 designs.

With our designing and sampling capacity, we have the capability to serve customers who launch upto 12 fashion seasons globally every year. The design and sampling team continuously interacts with the clients to understand their requirements and provides the designs based on their requirements. Our design team offers a diverse product range of garmenting solutions including shirts, ladies tops, dresses, skirts, kids wear, sports wear and jeans wear using various types of fabric enabling us to provide a range of garments to our customers.

With a view to provide better quality products to our domestic and international customers, our company focuses on product development. We have developed 4 R&D centres for our yarn dyeing, fabric dyeing, weaving and garmenting operations each of which has a dedicated team for the same. Further, it has also been our endeavour to continuously upgrade and improve our production processes which have resulted in quality assurance at each level of production.

### **State of the art equipment and technology**

Our Company has invested in modern technology and equipment across all areas of its operations. Our management believes that our Company's manufacturing technology is on par with global competitors.

We have developed competency in the processing of fabrics. This is evident from our ability to produce a variety of finishes like water / oil / mosquito repellent finishes to anti-bacterial / takara finish including stain free / U.V. protector / quick dry finish *etc.*

In our effort to keep abreast with the latest technology and adapt to changes taking place in our business, our senior management team attends international fairs, seminars & exhibitions and regularly interacts with machinery suppliers.

### **An experienced management team with proven project management and implementation skills**

Our Management team consists of a mix of individuals with technical and commercial experience in the textile industry. We have implemented new textile projects which include processing, weaving and garmenting facilities. We believe this is one of our key competitive strengths in view of our current scale of operations as well as size of operations that we are planning to achieve. The same can be illustrated from the fact that we have consistently commissioned various units over the past few years.

<b>FY</b>	<b>Units Commissioned</b>
<b>2004 – 2005</b>	Garment unit at Bangalore and weaving unit expansion at Tarapur
<b>2005 – 2006</b>	Weaving and yarn processing unit at Tarapur
<b>2007 – 2008</b>	Three garment units at Bangalore
<b>2008 – 2009</b>	Design Studio cum sampling unit at Mumbai and CDR / CBR process unit at Tarapur

For further details please refer to chapter titled “Our Management” & “History and Other Corporate Matters” on page 137 & 129, respectively of this Red Herring Prospectus.

### **Established Overseas Marketing Base**

Our Company, in the year 2005, had set up a liaison office at Paris, France. This office had been established with a goal of building our international image, strengthening our foothold in the European market by being in proximity to our customers based in Europe and thus, enabling us to anticipate the latest fashion trends worldwide and serve our customers more effectively. This setup has helped us in interacting with our European customers and in showcasing our latest product offerings and soliciting new customers. This has also been instrumental in increasing our exports to Europe from Rs. 4,981.63 lacs in FY 2006 to Rs. 11,381.21 lacs in FY 2009 and Rs. 5,854.75 lacs for the nine month period ended December 31, 2009.

### **Process and Quality Certifications**

Our company has always given priority to the processes followed and the quality of our products. In this endeavour we have obtained various quality certifications.

- Bureau of Indian Standards has issued IS/ISO 9001:2000 certification bearing no. QSC/L-7002712.1 dated January 01, 2008 to our weaving unit at Plot No. E- 33 for Quality Management System for manufacture and supply of Multifibre, Multicolour, Grey Fabric excluding designs as per ISO 9001 -2000, valid upto October 28, 2010.
- Bureau of Indian Standards has issued IS/ISO 9001:2000 certification bearing no. WRO/QSC/L-7003433.0 dated March 18, 2009 to our Weaving House (Shirting Division) at Plot No. C-2 for Quality Management System Certification in respect of the products and/or services or processes, valid upto March 17, 2012.
- The certification body of TUV SUD Management Service GmbH Trading as TUV South Asia Private Limited has issued ISO 9001:2008 certification to our garment unit at Plot No. 26-A for application of Quality Management System for manufacture and supply of garments as per ISO 9001:2008 valid upto November 22, 2012.
- Our Bangalore unit mentioned above is also SA 8000:2008 certified whereby the certification body of TUV SUD Group has issued a certificate that the above garments manufacturing facility at Bangalore has established and applies a social accountability management system for manufacture and supply of ready made garments valid upto November 24, 2012.

## **OUR STRATEGY**

### **Focus on garment business in overseas markets, especially female garments segment.**

We believe that the readymade garment segment has grown rapidly over the period of last 10 years. According to CRISIL Research, Readymade Garments industry (domestic and exports) is expected to grow at a compounded annual growth rate of 6.4% to touch Rs. 2,209 billion in 2014 from Rs. 1,615 billion in 2009. Further, the Government is offering initiatives for the Textile Industry, such as, TUFS, Increase in Duty Drawback/DEPB and Reduction in Bank Interest Rate on Working Capital Loan. In order to derive benefit from these opportunities, we have drawn up a plan to enhance our garment manufacturing capacity from the current 36.00 lacs pieces per annum to 83.00 lacs pieces per annum by setting up of new garment manufacturing facility at MIDC, Tarapur Maharashtra which is one of the objects of the Issue. For further details on the project and its present status, please refer to chapter titled “Objects of this Issue” beginning on page 42 of this Red Herring Prospectus. We believe that the increased scale of operations would improve our ability to execute large size orders, thus becoming the vendor of choice for greater number of customers. According to CRISIL Research, female garment as a segment is growing as compared to before on account of increasing proportion of working females to the total female population.

Over the last three years we have diversified into women’s wear in a planned manner. Our designing skills have helped us in transforming our garments business from male centric to a combination of both and we intend to further implement this strategy.

### **Focus on strengthening apparel design and product development processes**

Design and related product development is an important focus area for our growth. Our strategy is to focus on the development of new designs and samples for our fabrics and garments. This activity is supported by our in-house design studio cum sampling unit which is equipped with design capabilities including softwares like CAD/CAM, thus enabling us to successfully convert our designs into fabrics and samples into final products. As of July, 2009, we had an archive of over 100,000 designs in garments and more than 150,000 in woven fabrics, especially in the yarn dyed variety of fabrics. We have developed competency in the processing of fabrics. This is evident from our ability to produce a variety of finishes like water / oil / mosquito repellent finishes to anti- bacterial / takara finish including stain free / U.V. protector / quick dry finish etc. Improved ability to create samples would help our customers in placing orders well in advance of a particular season. We plan to strengthen our capabilities in designing by continuously upgrading our design studios both in terms of human resources and technology. We plan to tap the hi-end readymade garment segment which will help us in maintaining higher sales realization for our final products.

While our focus would continue to be the casual wear segment, we also plan to expand into other segments where we can provide value added products. Our strategy would be to identify potential areas for expansion like formal wear, linen wear *etc.* Subsequent to the implementation of our ammonia processing plant we plan to enter the high-end formal wear segment. Our expansion into new products would benefit us in terms of additional and diversified sources of revenue.

### **Become a ‘Nominated Supplier’ to Global Customers**

Over the recent past, a trend that is emerging is that large global customers looking at increasing the efficiency of their supply chain by consolidating their vendors and relying on large vendors who would have the capability to service large volume orders on time and within stringent quality parameters. Our Company has invested in modern technology and equipment across all areas of its operations. We have set up a CDR/CBR Unit at Tarapur, Maharashtra and are planning to set up new facility as well as expand some of our current facilities as detailed in the chapter titled “Objects of this Issue” on page no. 42 of this Red Herring Prospectus. We believe that with our



expanded capacity in design and manufacturing and with our quality control processes we will be able to deliver timely orders to our customers without compromising on the quality. We offer variety of products ranging from yarn to finished fabric. Therefore, as part of its growth strategy, our Company plans to leverage on the above mentioned factors and is also making conscious efforts to move up the value chain with its customers and become a 'nominated supplier' to some of the global brands.

### **Mine Global / Domestic Relationships for New and Existing Business**

We believe that strong and sustainable relationships with our customers are the key to our success. We aim to continue to develop our relationships with our clients not only in terms of increased sales but also in terms of increased variety in products. We aim to achieve this by adding value to our client through quality, speed and reliability of our product delivery.

We also aim at developing relationships with new clients. This helps us in not only entering new markets but also in diversifying the sources of our revenues and reducing our dependence on a given set of customers.

As a measure of the said strategy we plan to expand our business in domestic as well as overseas market through our marketing offices in India and abroad.

### **Expanding Geographic Reach**

We export a major component of our garments production worldwide across 25 countries and 5 continents.

Europe contributed 77.79% of our total export sales of garments for the nine month period ended December 31,2009 and it remains a major market of our Company's exports. Our Company has, over a period of time, explored opportunities in other international markets; both for growth as well as to de-risk itself from an over-dependence on a single export market.

Our Company will continue exploring opportunities in various countries where it can supply value added textile products to enhance its geographic reach.

The domestic market also offers opportunities in term of sub-geographic penetration and product/market diversification. Our company will seek to grow its marketing reach domestically to explore hither to untapped markets and segments as part of its strategy to mitigate market risk and widen growth prospects.

### **Become an Employer of Choice**

We place particular emphasis on attracting and retaining the best talent in the industry. We have implemented various human resource programmes at every level in the organisation, which has helped in developing and retaining our talent pool. We believe it is imperative that we have a well trained and experienced pool of resources in order to execute our global strategy and manage the substantial business and capacity growth that is expected. We intend to continue attracting the appropriate level of talent on a global basis through the right mix of recruitment and retention strategies.

### **Cost cutting through improved efficiency of our operations**

We believe that as we grow and expand our operations, controlling costs becomes a critical factor for us in order to stay competitive. Our strategy to control our costs includes the following:

- Identify separate cost centers so as to monitor each of the major costs
- Benchmarking our costs with the international industry standards
- Controlling Raw Material costs through bulk purchases and negotiations with suppliers.
- Controlling consumption and wastage through effective supervision of the shop floor

### **OUR BUSINESS PROCESSES**

The entire supply chain can be broadly classified into the following four segments:

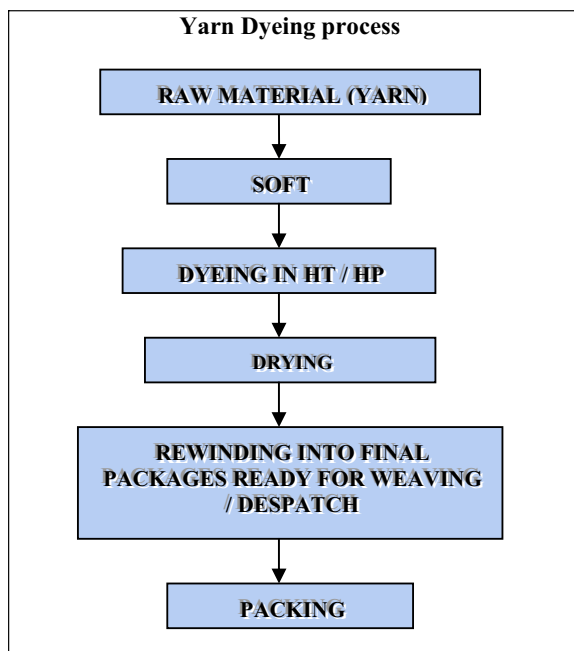
- a) Yarn Dyeing
- b) Weaving
- c) Fabric processing which includes dyeing, washing, bleaching *etc.*
- d) Production of Garments

Apart from the main activities mentioned above, parallel activities which are critical for our manufacturing includes yarn dyeing, design and sampling, embroidery, client approvals and quality checks. The span of our processes includes yarn dyeing, textile design, weaving (shirting), dyeing and processing, garments designing, manufacturing, finishing and garments exporting.

**a. Yarn Dyeing**

Yarn is a major raw material and is the prime requirement for manufacturing a variety of fabrics and garments. The machines installed by our Company can serve a variety of yarn qualities such as 100% cotton, cotton/polyester blends, 100% Polyester filament yarns, texturised yarn, viscose, cotton viscose blends and other yarns.

The entire Yarn Dyeing process can be summarized as under:



**Raw Material Procurement:**

The raw material for weaving is readily available and is procured from the spinning mills across the country with a delivery time of 7-10 days.

**Winding**

This process is important to achieve a high level of colour variation consistency in the yarn. A high level of humidity is maintained in the winding room which helps in reducing the hairiness of yarn and helps in minimizing yarn breakage.

**Dyeing in HT / HP vessels**

We have installed machines with technology to ensure consistency in the quality of dyeing. Machines installed have high temperature and high pressure vessel of various capacities with Air Pad system which enables to maintain the same liquor ratio even if the machines are used for reduced capacity which will reduce the cost of production. Fully automatic machines installed are equipped with very high precision turbo pumps, which ensures very precise flow rate of liquor across the yarn package.

**Drying**

Excess water is removed from the yarn by the hydro extractor by means of centrifugal action. After hydro extraction, approximately 50-55% of water still remains in the yarn package. This is followed by Radio Frequency drying which reduces the moisture to the desired level.

**Preparatory**

This process makes the yarn ready for weaving. Both dyed as well as greige yarns are used as per the requirements of the design and parameters of fabric. Based on the production schedule, three kinds of machines can be used which includes, one direct warping machine and two sectional warping machines. This combination gives flexibility in use of any type of yarn for warping

For the next operation of sizing, both beam to beam sizing as well as beam from the direct warping is considered which will give additional capacity to run single yarn pattern beam with sizing.

**b. Weaving**

The entire Weaving process can be summarized as under:

**Greige Yarn on Cones**

Normally yarn received for weaving is in cone form either from ring spinning or from open end spinning in single or double fold as required. The yarn used for weaving is categorized into:

- a. Warp yarn
- b. Weft yarn

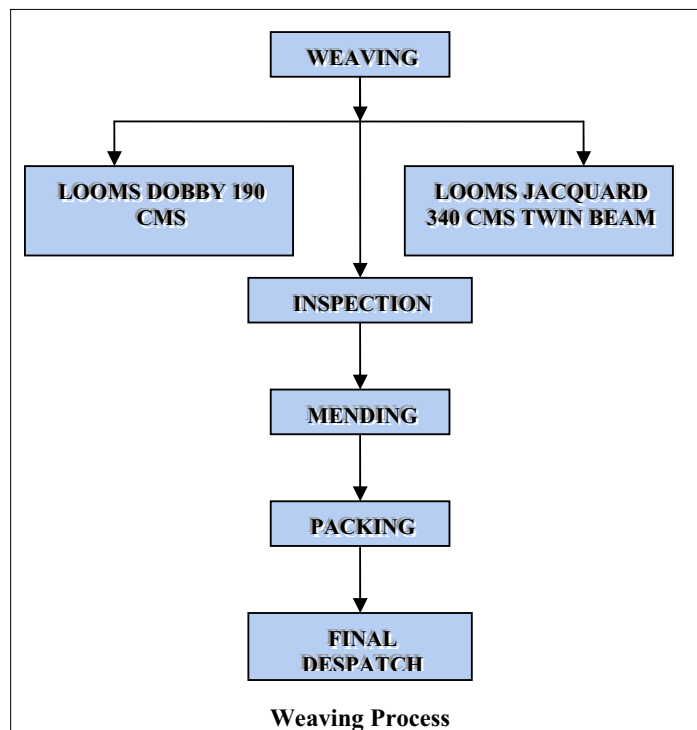
Normally for Weaving, yarn used as warp should have higher Counter Strength Product (CSP) and further sized to withstand stress and strains exerted during Weaving Operations. The Weft yarn is directly used on weaving machines and in some cases, if required, is rewound so as to enhance its performance in weaving.

**Warping on Sectional / Direct Warping**

The warp yarn is required to be presented into sheet form to the weaving machines. In warping, the individual cones are put into creel (the number of cones depends upon fabric construction) and yarn from individual cones is pulled together in sheet form, wound on a barrel called warping beams (for Direct warping) or on weaving beams (for Sectional Warping). Normally if warp sheet is with patterns of different colored yarns, it is processed on sectional warping machine.

**Sizing of yarn in set/Beam to beam position**

The object of sizing is to improve the strength of yarn by chemically binding the fibers with each other and also improve upon its friction resistance capacity by chemically coating the surface of yarn/fibres.



Weaving is basically interlacing of two sets i.e. warp and weft threads in desired sequence and pattern. To obtain this interlacement, warp yarn sheet is bifurcated & opened in form of two layers/sheet and weft thread is inserted between the so opened, two warp sheets by means of a suitable carrier i.e. Shuttle, Projectile, Rapier, Air current, Water current, *etc.*, depending upon the type of the weaving machines.

During subsequent cycle, the sheet forming upper layer is lowered and made to form lower layer and vis-à-vis for opposite sheet. Thus the interlacement is formed. In order to get this sheet separation and their up and down movement, each warp thread is to be drawn through heads, reeds and drop pins. This operation is called “Drawing - in”.

The drawn Weavers Beams are fixed on weaving machines, threads are tied and held shafts are coupled. This operation is called Beam Gaiting. If undrawn warp threads are directly knotted to the threads of finished beams, it is called Knotting. These operations are essential because normally weavers beam can carry only certain length of warp sheets on it and when so woven, whole length is converted to the fabric by weaving machine.

We are using two types of Shuttle less weaving Looms i.e. Air jet and Rapier

#### **Air jet Looms**

In these types of looms the weft insertion is done with the help of compressed air. A very high weft insertion rate up to 1800 meter per minute is achieved. Compared to rapier and projectile looms, these looms are highly productive and suitable for producing sheeting fabrics up to 600 Thread count

#### **Rapier Looms**

In this case, weft insertion is achieved with the help of rapiers. These looms are versatile and can be suitable for weaving all types of fabrics, including fabrics of different designs. Rate of weft insertion is 900 to 1300 meter /minute. These looms are mainly used for yarn dyed fabrics of size upto 160 cms.

#### **Inspection and Quality Checks**

The woven fabric wound on a cloth roll is taken out from weaving machines at certain intervals and checked on inspection machines for possibilities of any weaving fault. Mending operations ensure that the loose threads if any left out at fabric body / selvage are clipped off to improve the overall quality and look of the fabric.

### **c. Fabric Processing**

#### **Singeing & Desizing**

Under Singeing, the fabric is run on gas flame at a speed of about 120 Mtrs /min and the excess protruding fibres on the surface of fabrics are burnt during this process. During desizing the fabrics are impregnated with enzyme solution to remove chemicals (used prior to weaving during sizing process). This fabric is then kept on rotating batches for a period of 6 to 8 hours for effective removal of sizing chemicals.

#### **Open width scouring and bleaching**

Desized fabrics are first washed in water and then treated for scouring and bleaching with caustic soda, good detergent /soap and peroxide with stabilizer. Fabric is then passed through steamer so that reaction takes place with impurities and they are fully dissolved. The fabrics so washed are then clean and absorbent. This process is very important for obtaining good quality results in dyeing and printing.

#### **Open-width Merceriser**

Fabrics are treated on Merceriser to obtain luster for good appearance and dye absorbency. There are also additional benefits like savings on dyeing cost and improvement in the strength of fabrics.

#### **Dyeing**

Fabrics are normally dyed with reactive dyestuffs on PAD/BATCH or PAD / DRY processes and washed subsequently. PAD/BATCH & PAD / DRY Processes are the widely accepted process for dyeing cotton fabrics with pigments, vat dyestuffs and certain reactive dyestuffs.

#### **Printing**

In order to obtain combination of different designs and colors on fabrics, printing is done. Designs are prepared with the help of CAD - CAM design equipments and then the designs are engraved on rotary screens using photo exposure. They are then checked for any defects. If the designs are to be printed using Flat Bed Screen printing systems, screens are prepared using bolting cloths separately for each matching and fixed on frame for use on flat Bed Screen printing machine.

#### **Colour Kitchen for printing**

Colour paste used for printing is prepared in a laboratory called “Colour Kitchen”. Dyestuff solution for each dye shade is prepared separately. Also thickeners / binders solutions are prepared separately and then are mixed with individual dyestuff solutions prior to printing.

#### **Print Dryer and Steamer**

The Rotary screen-printing machine is connected to dryer in continuous manner so that wet fabric is immediately dried after printing. Drying is done by either using steam or heated thermic oil by means of heat exchangers located near fans of dryer. After printing, colors are fixed on the fabric by using saturated steam.

#### **Soaper and Dryer**

Loose colour remaining on fabrics after printing has to be washed out to achieve proper colour consistency in the prints, which is done by soaping the cloth followed by washing and drying it in continuous machine.

#### **Finishing**

Finishing is done to keep control on width, bow, skew, shrinkage and finish of the fabric. Getting the right finish is very important from the end user perspective. This is one of the important value-additions which we provide in the fabrics we manufacture. The penultimate finishing of fabric is always done on a stenter. The cloth to be finished passes through the padder, where finishing chemicals are added and goes through bow and weft correction device before entering the drying chamber.

Sanforising is the last process in the fabric finishing where the warp wise and weft wise shrinkage is controlled. Cloth having undergone this process would not shrink abnormally further after repeated washes thereby maintaining the dimensional stability of the fabric.

### **d. Garment Production**

Finished fabric is utilized for apparel manufacturing purpose. The various activities are highly labour intensive as majority of them cannot be completely automated. In the stitching section, the garment is usually assembled using the Progressive Bundle System (PBS). In PBS, the work is delivered to individual work stations from the cutting department in bundles. Sewing machine operators then process or sew them in batches i.e. first few operation are joining the different parts together and then further amendments related to design are carried out. The supervisors direct and balance the line activities and check the quality. This involves large work in progress (WIP) inventories and minimal flexibility. For faster apparel production, use of unit production system which reduces the buffer sizes between the operations or modular assembly systems, allow a small group of sewing operators to assemble the entire garment.

#### **Assembly & Designing**

The fabric manufactured / procured is assembled in the storage department. Garmenting starts with the design of the garment to be made (usually on the paper called specs). Patterns (usually made up of thicker and stronger paper) are made from the design which is then used to cut the fabric (cutting usually happens in the form of layers). An efficient layout of the patterns on the layers of fabric is crucial for reducing the wastage of material. CAD systems are used for pattern layout and are integrated together with cutting systems.

#### **Sampling**

Our Company has a production cum sampling unit at Sewree, Mumbai wherein we have all the facilities like CAD, stitching, embroidery *etc.* to produce garment samples as per designs developed by our design studio. In the initial stages of the order, the design and sampling department continuously interacts with the buyers till the sample is approved. In our dedicated sampling unit, garment samples are made, remade, design changes are incorporated till the customer finally approves the garment sample.

#### **Cutting Department**

The fabric is cut into different parts of a garment. To ensure minimum wastage we use tools such as CAD and others for the process. The Production Planning and Control department uses CAD and other design tools, issues draft or diagram of how different patterns should be placed on to the layer. The cutting department based on their experience and expertise either accepts the proposed average

or sometimes gives a better average. The department makes production plan for all cutting stations based on article or style requested. Thereafter, the cut parts of the garment are bundled together.

#### **Stitching Department**

The department is responsible for stitching different parts of garment together. The process takes place in the assembly line system. The assembly line system is the set of many different stitching machines each for a specific purpose. These machines are arranged in an orderly fashion depending on how different parts of garment should be attached. Assembly line method is used for large production. Production Planning and Control decides on the article or style to be produced with quantity. The stitching department makes necessary production planning i.e. time line in accordance with each article. The stitching process is the most time consuming and labour intensive process in the entire garment production. The planning is done weekly.

#### **Finishing and Packaging Department**

This is final stage before the garment is ready to be shipped. As the garment is ready, it requires a series of quality checks. The garment goes through the quality checks like colour test, washing test, stitching test *etc.* After which it is steam pressed, labeled, packed into garment bags and finally, put into the cartons. Once all cartons are packed and labeled, external quality check takes place and goods are shipped. The PPC department gives the details of the Purchase Order to be finished, packed and dispatched

#### **Production Planning and Control (PPC) Department**

The department is responsible for making plans for the entire organization i.e. all the departments. PPC being in the centre of all departments also controls their functionality. The PPC sends production plan to different departments on weekly basis and daily for any amendments. The PPC keeps check on different departments by requesting planning and production reports for each day. PPC only receives orders from the Management. With order quantity and dispatch date, it does the planning for product cycle. The top management is in continuous contact with PPC.

#### **Merchandising Department**

The department acts as a liaison between the buyer and manufacturing division. On one hand, the department is responsible for notifying changes in the product to the PPC and also to make sure that article is produced as per planning by the PPC and within dispatch time limits. On the other hand, it has to continually update buyer with planning and production status. The department takes care of all correspondence with buyer and is responsible for communicating it to PPC. The department also takes care of necessary sampling such as proto, size set and final which is necessary prior to production.

#### **DETAILS OF OUR FACILITIES:**

Sr. No.	Location	Nature of the facility	Capacity
1. a	Plot No. C-2, MIDC, Tarapur Industrial Area, District Thane	Yarn Dyeing Division	30.00 lac Kg. per annum
b	Plot No. C-2, MIDC, Tarapur Industrial Area, District	Weaving Division	96.00 lac mtrs per annum
2.	Plot No. E-33, MIDC, Tarapur Industrial Area, District Thane – 401506	Weaving Division	84.00 lac mtrs per annum
3.	Plot No. E-25, MIDC, Tarapur Industrial Area, District Thane	Fabric Processing Division	204.00 lac mtrs per annum
4.	Plot No. C-3, MIDC, Tarapur Industrial Area, District Thane	CDR/CBR Processing Unit (Fabric Processing)	312.00 lac mtrs per annum
5.	Plot No. 26-A, Peenya II Phase, Peenya Industrial Area, Bangalore	Garment Division	21.60 lac pieces per annum
6.	Plot No. 31, Laggere Gramatana, Dasarahalli, Yeshwanthpur, Hobli, Bangalore.	Garment Division	4.80 lac pieces per annum
7.	No. 1& 2, Subratho Mukherji Road, Dasarahalli, Bangalore.	Garment Division	3.60 lac pieces per annum
8.	Unit No.36/2, Maruti Plaza, Madanayakanahalli, Dasanpura Hobli, Tumkur Road, Bangalore-562123.	Garment Division	6.00 lac pieces per annum

## DETAILS OF CAPACITY UTILISATION:

Our current capacities and utilisation thereto can be illustrated from the table below:

Year ended March 31,	2007	2008	2009	Nine month period ended December 31, 2009
<b>Installed capacity (unit in lacs)</b>				
Yarn Dyeing (In kgs.)- <b>Dyed Yarn</b>	18.00	18.00	24.00 <sup>#</sup>	30.00
Weaving (In mtrs.)- <b>Greige Fabrics</b>	180.00	180.00	180.00	180.00
Fabric Processing (In mtrs.) - <b>Finished fabrics</b>	204.00	204.00	204.00	516.00 <sup>1</sup>
Garment Production (In pcs.) – <b>Garments</b>	21.00	27.00 <sup>\$</sup>	36.00	36.00
<b>Production (unit in lacs)</b>				
Yarn dyeing (In kgs.)	16.50	16.90	22.20	16.26
Greige Fabrics (In mtrs.)	147.76	165.00	156.12	115.05
Finished Fabrics (In mtrs.)	128.66	169.84	175.63	142.56
Garments (In pcs.)	19.58	34.39	35.92	20.84
<b>Fabric processing</b>	128.66	169.84	175.63	142.56
In-house	51.13	125.63	116.70	97.30
Jobwork	77.53	44.21	58.93	45.26
% of inhouse to total	39.74%	73.97%	66.45%	68.25%
<b>Yarn Dyeing</b>	16.50	16.90	22.20	16.26
In-house	14.52	15.25	20.06	14.53
Jobwork	1.98	1.65	2.14	1.73
% of inhouse to total	88.00%	90.24%	90.36%	89.36%
<b>Capacity utilisation (%)</b>				
Yarn Dyeing	91.67%	93.89%	92.50%	-
Weaving	82.09%	91.67%	86.73%	-
Fabric Processing	63.07%	83.25%	86.09%	-
Garment Production*	93.24%	127.37%	99.78%	-

\$ - Additional capacity of 15.00 lac pieces per annum was operational for a part of the year

<sup>#</sup> - Additional capacity of 12.00 lac kgs per annum operational for a part of the year

<sup>1</sup> - Additional capacity of 312.00 lac mtrs per annum partially operational for the year

As mentioned in the table above, in the last three fiscal years from FY 2007 to FY 2009, the Yarn dyeing capacity utilization has been in the range of 90-95% of the total capacity. For the garment manufacturing process, the capacity utilization, inclusive of outsourcing, has been above 90% of the total capacity in the corresponding period. Additionally, in FY 2008, the total capacity utilization was in excess of 100% on account of outsourcing as the existing capacity was not sufficient to meet the production demand.



In textile and apparel industry, 100% capacity utilization is rarely seen as the installed capacity is defined as the maximum output of standard design products without any provision for loss of production due to machine breakdown, shift change, complexity of production process for premium & intricate products, power failures etc. Hence in common parlance, capacity utilization above 90% can be considered as optimum.

Considering these above factors, the Company has decided to undertake expansion projects and the setting up of new facilities.

### CAPACITIES AFTER EXPANSION

Activity	Existing Capacity	Capacity under Expansion project	Capacity post Expansion
Yarn Dyeing	30.00 lac kgs per annum	--	30.00 lac kgs per annum
Weaving	180.00 lac mtrs per annum	180.00 lac mtrs per annum	360.00 lac mtrs per annum
Fabric Processing	516.00 lac mtrs per annum	--	516.00 lac mtrs per annum
Garments Production	36.00 lac pieces per annum	47.00 lac pieces per annum	83.00 lac pieces per annum

### INFRASTRUCTURE FACILITIES

#### Raw materials

Raw Material requirements of the various divisions of our company are given below:

Particulars	Production Capacity p.a		Raw material Required		
	Unit	Quantity	Raw material type	Unit	Quantity
Yarn Dyeing	Lac Kgs	30.00	Greige Yarn	Lac kgs	31.00
Weaving	Lac Mtrs	180.00	Yarn	Lac Kgs	60.00
Woven Processing	Lac Mtrs.	516.00	Greige Fabrics	Lac Mtrs.	516.00
Garments	Lac Pcs	36.00	Finished Woven Fabrics	Lac Mtrs.	70.00

#### Weaving

The main raw material for the weaving unit is cotton, viscose and polyester yarns of various counts, which are available indigenously. Our Company procures its yarn from various manufacturers or their agents in India.

In addition to yarn, our Company also purchases fabrics in bulk quantities from other organized mills and the power loom sector to meet its requirement.

#### Processing

The basic raw material required for processing of fabrics is dyes and chemicals, which comprises of caustic soda, colour dyes, hydrogen peroxide and detergents, all of which are available indigenously from various manufacturers and suppliers. The requirement of dyes depends on the type of printing and dyeing-shades. Looking to the growing concern over the use of carcinogenic dyes in processing, our Company ensures that all the dyes and chemicals used in processing are eco-friendly. Our Company is presently procuring dyes and chemicals either directly from manufacturers or through their distributors and agents.

#### Garments

The basic raw material requirement for our garment unit is fabrics. Our Company uses its own fabrics as well as fabrics outsourced from domestic suppliers as and when required.



## Utilities

The existing utilities for the various divisions of our Company are tabulated below:

Division	Maximum Power	Water	Compressed Air
Weaving – Unit I (E/33)	1.2 MW	45 KL per day	3,500 CFM
Weaving – Unit II (C-2)	3.2 MW	80 KL per day	2,700 CFM
Fabric Process House – Unit I (E-25)	1.63 MW	1,900 KL per day	263 CFM
CDR/CBR Processing House – Unit II (C-3)	1.70 MW	2,000 KL per day	275 CFM
Bangalore Garment - Unit I	0.50 MW	500 KL per day	150 CFM
Bangalore Garment - Unit II	0.19 MW	200 KL per day	75 CFM
Bangalore Garment - Unit III	0.30 MW	175 KL per day	100 CFM
Bangalore Garment - Unit IV	0.16 MW	300 KL per day	75 CFM

Our Company has arrangement with various regional government bodies depending on the location of our facilities for the above utilities. For details of the arrangements / approvals please refer to chapter titled “Government / Statutory Approvals” on page 225 of the Red Herring Prospectus.

## Our Products

In the textiles segment, we are into activities like yarn dyeing, weaving and fabric processing. Within fabrics, we produce greige and finished fabrics like cotton textiles, yarn dyed fabrics, embroidered, embellished and blended cotton fabrics including cotton blends with nylon, lycra, viscose, mélange etc. for our customers as well as for our captive consumption.

In the garment segment, we produces a wide variety of readymade woven garments which includes shirts, ladies tops, dresses, skirts, kids wear, sports wear and jeans wear.

## MARKETING

### Sales Process

- We have a centralized product development centre for textiles as well as garments. The same product is made available to all our sales points backed by the required information. This enables selling of our products at multiple locations at the same time.
- The product mix is then handled by a strong centralized merchandising team which caters to the customers directly, supports follow-up and executes their requirements.
- The availability of a sampling unit and design studio helps our Company in providing diverse choices to the customer. This keeps the cost under control and shortens the turnaround time.

### Marketing & Selling Arrangements

#### Domestic Markets: Distribution channels

In the domestic market, we have a network of agents and sales offices located at **Delhi, Bangalore, Mumbai and Chennai**. We sell our fabrics through our sales offices as well as our agent networks. We have dedicated and experienced in-house marketing team which solicit substantial business and work in close nexus with the buyers to provide them maximum support in terms of quality and timely delivery.

#### Overseas Markets: Distribution channels

In the overseas market, we supply our garments across the globe ranging from the European countries to those of the United States. We supply garments to a large number of countries including Italy, UK, Turkey, France amongst others. We supply to the international garment market through both, buying houses as well as directly to the fashion houses and brands.

### **Key features of our marketing and sales network:**

- We market our products through the head office in Mumbai, sales office in Delhi, Chennai and Bangalore. Having multiple sales points gives us a wide distribution network for our product.
- We endeavour to further strengthen our existing client base by exploring markets and clients in new geographies to prevent client concentration. The experienced marketing team devises different strategies to cater to different client requirements to suit the clients' needs.
- We regularly participate in international trade fairs and fashion events to exhibit our innovative designs and build develop new clientele.

We established our liaison office called “Mandhana Europe”, on premises admeasuring 10,000 sq ft with our office and showroom in the heart of the fashion district in Paris, to bring our products closer to all our customers.

### **Design & Design Studio**

Our Designing ability is an integral part of the marketing process which is supported by a well equipped Product Development / Design division. Our Company's ability to understand and implement the keep abreast with the fashion trends helps us to cater to the changing customer requirements and enables us to showcase our capabilities and understanding to the buyers' requirements. Being an export oriented apparel manufacturer, tracking the changing fashion trends across different geographies for various end customers is critical for our success. We have a well equipped Product Development / Design division & team working in-house.

The Apparel trade has four basic seasons;

- Spring
- Summer
- Fall/Autumn
- Holiday/Winter

The designers along with the marketing team visit various fairs / fashion shows across the globe at regular intervals.

### **Merchandising**

Our marketing team endeavors to enhance its share of the business with existing customers as well as expand the customer base.

Our company receives orders from customers by:

- Growth in business from existing customers
- New customers developed through cold calls, trade fair meetings etc.

Our experienced marketing team has been able to devise different strategies to suit the needs of both existing & new buyers. For the existing buyers, our prime focus is to expand the product base and enhance volumes. By leveraging the long standing relationships with the buyers, our Company strives to be a preferred partner to the buyers.

For the new buyers, based on the understanding of their product range and brand identity /customer identity, we present to them with the requisite product range. This gives them a good idea of areas of our Company's expertise and capabilities. Some of our buyers bring their design inputs to us. Our designers along with the sampling department provide the client with prototypes, which undergo various alterations till the client, finalizes the design.

Once the buyer finalizes a particular style it is translated into samples quickly since the business for the fashion season depends on timely delivery of samples. The costing exercise is done concurrently at this stage. Our manufacturing scale and efficiency and global marketing network enables us to compete with international vendors effectively.

Quality and ability to deliver the required products on time and competitive pricing enables us to enhance customer satisfaction.

Our merchandising team services the requirements of different customers. On receipt of the enquiry, the merchandiser coordinates with PPC to get an estimate of the raw material consumption, likely suppliers and costs, accessories as well as the conversion efforts. Based on this, the costing sheet is prepared. Modifications are also suggested on apparel design or engineering, on fabric to try and bring the cost to the buyer within their required range. The price setting process thus becomes a collaborative effort with Company's

customers instead of just a negotiation process, with both our Company and buyer working together in close harmony to meet a common objective. Therefore, whenever a prospective buyer places his requirement with our Company, we work out an optimal price-quality combination for him through various permutations and combination of quality & source of raw materials, along with design.

### Human Resources

As on March 31, 2010, our workforce consisted of 4,327 employees. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth. Our work processes and skilled resources together with our strong management team have enabled us to successfully implement our growth plans.

Sr. No.	Location	Unit	Permanent	On Contract	Total
1.	Bangalore	Unit 1	1,416	0	1,416
		Unit 2	480	0	480
		Unit 3	254	0	254
		Unit 4	718	0	718
2.	Tarapur	Weaving House Unit (Shirting Division)	317	0	317
		Dyeing unit	420	74	494
		CDR / CBR Processing Unit	39	0	39
		Weaving House	341	0	341
3.	Mumbai	Corporate Office	181	0	181
		Design Studio and Sampling Unit at Sewri	87	0	87
	<b>Total</b>				4,327

Our Company does not have any temporary employees as on March 31, 2010.

### Competition

We face competition both in the domestic as well as the export markets. In the domestic market we face competition in the both the garments and the textile segment whereas internationally we face competition from the suppliers of readymade garments.

In the garments segment, countries like Turkey have the advantage of being located in proximity to our main export markets of European countries. We also face competition from garments manufacturers in other countries like China, Pakistan, Bangladesh and Vietnam which have low labour costs. We also face competition from garments exporters in India.

We believe that our cost effective - vertically integrated facilities, our focus on customer satisfaction through in house designing capabilities and our reliability combined with our quality consciousness provides us with competitive advantage in many of our products.

### Intellectual Property

We have intellectual property rights that we seek to protect to the fullest extent practicable. We believe that we are not dependent on any of our intellectual property rights individually, although, they may collectively be of material significance to our business.

We have received registrations for the name and logo of our Company and the mark 'CANVAS' under various classes.

For further details, please refer section titled 'Government / Statutory Approvals' beginning on page 225 of this Red Herring Prospectus.

## Properties

We currently own the following properties:

### a. List of properties owned by our Company

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
1.	Transfer deed dated September 7, 2001	Mandhana Industries Limited	Mahan Synthetic Textiles Private Limited	1,55,265/-	Flat No. 201, 2 <sup>nd</sup> floor, L.P. Bhawan, Pasthal Naka, Boiser-Tarapur road, Thane	Staff quarters
2.	Transfer deed dated September 7, 2001	Mandhana Industries Limited	Mahan Synthetic Textiles Private Limited	1,55,265/-	Flat No. 203, 2 <sup>nd</sup> floor, L.P. Bhawan, Pasthal Naka, Boiser-Tarapur road, Thane	Staff quarters
3.	Transfer deed dated September 7, 2001	Mandhana Industries Limited	Mahan Synthetic Textiles Private Limited	1,55,265/-	Flat No. 204, 2 <sup>nd</sup> floor, L.P. Bhawan, Pasthal Naka, Boiser-Tarapur road, Thane	Staff quarters
4.	Transfer deed dated September 7, 2001	Mandhana Industries Limited	Mahan Synthetic Textiles Private Limited	1,03,065/-	Flat No. 1, ground floor, L.P. Bhawan, Pasthal Naka, Boiser-Tarapur road, Thane	Staff quarters
5.	Transfer deed dated September 7, 2001	Mandhana Industries Limited	Mahan Synthetic Textiles Private Limited	1,02,265/-	Flat No. 2, ground floor, L.P. Bhawan, Pasthal Naka, Boiser-Tarapur road, Thane	Staff quarters
6.	Transfer deed dated September 7, 2001	Mandhana Industries Limited	Mahan Synthetic Textiles Private Limited	1,03,065/-	Flat No. 104, first floor, L.P. Bhawan, Pasthal Naka, Boiser-Tarapur road, Thane	Staff quarters
7.	Transfer deed dated September 7, 2001	Mandhana Industries Limited	Mahan Synthetic Textiles Private Limited	1,55,265/-	Flat No. 202, second floor, L.P. Bhawan, Pasthal Naka, Boiser-Tarapur road, Thane	Staff quarters
8.	Transfer deed dated September 7, 2001	Mandhana Industries Limited	Mahan Synthetic Textiles Private Limited	1,02,265/-	Flat No. 103, first floor, L.P. Bhawan, Pasthal Naka, Boiser-Tarapur road, Thane	Staff quarters
9.	Absolute sale deed dated	Mandhana Industries	Ms. Mamatha Devi S. V. &	10,35,840/-	Co-owners of 1/7 <sup>th</sup> undivided rights and	Residential usage

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
	November 21, 2005	Limited	Mr. Sunil Belagavi		<p>interest in G-Villa located at No. 17, CMC Khata No. 1801, Defence Civilians House Building Society, Bagalagunte, Village, Yeshwanthpura Hubli, Bangalore North Taluk, Bangalore which when divided would be 330.174 sq. ft.</p> <p>Full and absolute owners of G-4, G-Villa, Third floor admeasuring 1079 sq. ft. (super built up area) located at No. 17, CMC Khata No. 1801, Defence Civilians House Building Society, Bagalagunte, Village, Yeshwanthpura Hubli, Bangalore North Taluk, Bangalore.</p>	
10.	Agreement for Sale dated October 27, 2004	Mandhana Industries Limited	Mr. Lalit Krishna Jalan	27,00,000/-	Flat No. 1501, 15 <sup>th</sup> floor, Tower – 4, Challenger Co-operative Housing Society Limited (Unit-IV), Thakur Village, Kandivali (East), Mumbai – 400101 admeasuring 768 sq. ft. (super built up) along with Open Car Parking Space No. 202 inclusive of club membership.	Residential use
11.	Agreement for Sale dated July 17, 2004	Mandhana Industries Limited	Mr. Gopakumar Coratyl	26,96,000/-	Flat No. 2305, 23 <sup>rd</sup> floor, Tower – 3, Challenger Co-operative Housing Society Limited (Unit-III), Thakur Village, Kandivali (East), Mumbai – 400101 admeasuring 960 sq. ft. (super built up) along	Residential use

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
					with Open Car Parking Space No. 352 inclusive of club membership.	
12.	Agreement for sale dated November 3, 2006	Mandhana Industries Limited	Peninsula Land Limited	25,32,000/-	Apartment bearing number 0405, 4 <sup>th</sup> floor, Ashok Tower 'A', Parel Sewri Division, Mumbai having carpet area of 29.08 sq. mt. built up area of 38.55 sq. mt. along with the exclusive right to use one stilt car parking space	Residential use
13.	Agreement for sale dated November 3, 2006	Mandhana Industries Limited	Peninsula Land Limited	25,32,000/-	Apartment bearing number 0404, 4 <sup>th</sup> floor, Ashok Tower 'A', Parel Sewri Division, Mumbai having carpet area of 29.08 sq. mt. built up area of 38.55 sq. mt. along with the exclusive right to use one stilt car parking space	Residential use
14.	Sale deed dated June 24, 2004	Mandhana Industries Limited	Mr. S. S. Iyer, Recovery Officer, Debts Recovery Tribunal	2,01,00,000/-	Plot of land bearing no. C-2 admeasuring 40565 sq. mtrs. situated at MIDC, Tarapur, Maharashtra	Mandhana Shirting Division
15.	Memorandum of Understanding dated July 9, 2007	Mandhana Industries Limited	Mr. Ketan Sangvi, Mrs. Alpa Sangvi, Mr. Ritesh Chheda, Mr. Mukesh Chheda. Mrs. Maniben Chheda	9,00,00,000 bearing the earnest money and / or part payment towards the agreed consideration amount. 1,50,00,000 bearing the balance payment towards the agreed consideration amount shall be paid immediately on the completion of the transaction.	Ganpati Baug, situate lying and being on west side of Sewri Road, Bombay admeasuring 14,523 sq. ft.	Sampling unit
16.	Agreement for sale dated January 14, 2008	Mandhana Industries Limited	Mrs. Neeta Jhunjhunwala	1,47,38,832/-	Unit 207 – A admeasuring approximately 930 sq. ft. Peninsula Centre,	Marketing office

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
					Dr. S. S. Rao Road, Parel, Mumbai – 400 012 along with the right to use two car parking spaces no. 37 and 38.	
17.	Agreement for sale dated January 14, 2008	Mandhana Industries Limited	Mrs. Rajni Jhunjunwala	1,27,81,168/-	Unit 207 – B admeasuring approximately 816 sq. ft. Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai – 400 012 along with the right to use a car parking space no. 36	Marketing office
18.	Agreement for sale dated December 18, 2007	Mandhana Industries Limited	Mr. Yogen Jerajani and Mrs. Punita Jerajani	1,34,00,000/-	Unit no. 014 admeasuring approximately 741 sq. ft. Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai – 400 012 along with the right to use a car parking space no. 31.	Marketing office
19.	Memorandum of Understanding dated February 29, 2008.	Mandhana Industries Limited.	Mr. Ketan Sanghvi, Mrs. Alpa Sanghvi, Mr. Ritesh Chheda, Mr. Mukesh Chheda and Mrs. Maniben Chheda.	2,25,00,000/-	Ground Floor, Building No. B/1 and B/2, B Wing, Ganpati Baug, situate lying and being on the west side of Sewri Road, in the Registration Sub-District of Bombay in the island of Bombay admeasuring 2200 sq. ft.	Sampling Unit
20.	Agreement to sale dated April 12, 2007 and Sale deed dated May 10, 2007	Mandhana Industries Private Limited	Sri.S. Padmanabha, Sri. S. Somashekara	40,00,000 paid vide Agreement to sale and 1,00,00,000 paid vide Sale deed	Ground Floor admeasuring 3952 sq. ft., First Floor admeasuring 4104 sq. ft., Second Floor admeasuring 4104 sq. ft., Third Floor admeasuring 4104 sq. ft., Fourth Floor admeasuring 4104 sq. ft., Total 20368 sq. ft. of R.C.C Building and Fifth Floor A.C.C. admeasuring 4104 sq. ft., bearing katha No. 161, Property No. 31 admeasuring East-	Export Division

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
					West-80 feet and North-South-60 feet situated at  Laggere Gramatana, Yeshavanthapura Hobli, Bangalore North Taluk, Bangalore.	
21.	Agreement to sale dated April 12, 2007 and Sale deed dated June 30, 2007	Mandhana Industries Private Limited	Smt. Anusuyadevi	1,50,000 paid vide Agreement to sale and 2,70,000 paid vide Sale deed	Dasarahalli C.M.C, Ward No.25, consisting of One Squares of A.C.C Sheet Roof Building bearing Katha No. 91, Property No. 42 admeasuring East-West-15 feet and North-South-40 feet situated in  Laggere Gramatana, Yeshavanthapura Hobli, Bangalore North Taluka, Bangalore	Export Division
22.	Agreement of Sale dated September 19, 2007.	Mandhana Industries Private Limited	B.R. Machine Tools Private Limited	9,47,83,500 out of which 2,00,00,000 paid at the time of execution of the document and the balance was to be paid before December 15, 2007.	4B, 1 Phase, Peenya Industrial Area, Survey. No. 12 & 15, Yeswanhpur Hobli, Yeshwanthpur, Bangalore North Taluka, Bangalore admeasuring 64,260 sq. ft. and the structure thereupon.	Export Division
23.	Lease cum Sale Agreement dated June 23, 2008	Mandhana Industries Limited	Karnataka Industrial Areas Development Board	2,01,10,500 paid towards the allotment consideration. Yearly rent of 5,010/- and maintenance charges of 25,040/- to be paid by the our Company for a period of 10 years after which Karnataka Industrial Areas Development Board has to sell the property to our Company.	Plot No. SW-49 & SW-50 in Survey No. 71,72 & 76, Apparel Park industrial Area Doddaballapura Taluka, Bangalore Rural District with admeasurements of 20,267 sq. ft.	Idle
24.	Agreement for Sale dated March 23, 2008	Mandhana Industries Limited	M/s. U. K Constructions	7,24,470/-	Flat No. 005, Building L/5 on Ground Floor, Ostwal Empire,	Residential use



Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
					Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	
25.	Agreement for Sale dated November 24, 2008.	Mandhana Industries Limited	M/s. U. K Builders	10,70,010/-	Flat No. 303, Building L/2 on Third Floor Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 648 sq. ft.	Residential use
26.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	7,24,470/-	Flat No. 208, Building L/5 on Second Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use
27.	Agreement to Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U. K Constructions	7,24,470/-	Flat No. 207, Building L/5 on Second Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use
28.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U. K Constructions	7,24,470/-	Flat No. 108, Building L/5 on First Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use
29.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	7,24,470/-	Flat No. 107, Building L/5 on First Floor, Ostwal Empire, Village: Saravali/ Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
30.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	7,24,470/-	Flat No. 105, Building L/5 on First Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use
31.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	5,21,110/-	Flat No. 008, Building L/5 on Ground Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 328 sq. ft.	Residential use
32.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	7,24,470/-	Flat No. 007, Building L/5 on Ground Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use
33.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	7,24,470/-	Flat No. 006, Building L/5 on Ground Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use
34.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	7,24,470/-	Flat No. 307, Building L/5 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use
35.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Builders	10,70,010/-	Flat No. 307, Building L/2 on Third Floor Ostwal Empire, Saravali Village,	Residential use

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
					Boisar, Taluka Paighar, Thane admeasuring built up area of 648 sq. ft.	
36.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	8,64,280/-	Flat No. 306, Building L/5 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 544 sq. ft.	Residential use
37.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	7,24,470/-	Flat No. 305, Building L/5 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use
38.	Agreement for Sale dated March 23, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	8,64,280/-	Flat No. 206, Building L/5 on Second Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 544 sq. ft.	Residential use
39.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Builders	10,70,010/-	Flat No. 304, Building L/2 on Third Floor Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 648 sq. ft.	Residential use
40.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Builders	10,70,010/-	Flat No. 308, Building L/2 on Third Floor Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 648 sq. ft.	Residential use
41.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	7,24,470/-	Flat No. 308, Building L/5 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar,	Residential use

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
					Thane admeasuring built up area of 456 sq. ft.	
42.	Agreement for Sale dated March 23, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	7,24,470/-	Flat No. 205, Building L/5 on Second Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 456 sq. ft.	Residential use
43.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	23,98,917/-	Flat No. A-201, Building Q on Second Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Paighar, Thane admeasuring built up area of 1221.6 sq. ft.	Residential use
44.	Agreement for Sale dated March 24, 2008.	Mandhana Industries Limited	M/s. U.K Constructions	8,64,280/-	Flat No. 106, Building L/5 on First Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane admeasuring built up area of 544 sq. ft.	Residential use
45.	Agreement for Sale dated November 26, 2009.	Mandhana Industries Limited	M/s. U.K Builders	12,41,740/-	Flat No. 403, Building M/2 on Fourth Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring built up area of 752 sq. ft.	Residential use
46.	Agreement for Sale dated November 26, 2009	Mandhana Industries Limited	M/s. U.K Builders	13,38,610/-	Flat No. 310, Building F/1 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring 728 sq. ft.	Residential use
47.	Agreement for Sale dated November 26, 2009	Mandhana Industries Limited	M/s. U.K Builders	10,54,930/-	Flat No. 309, Building K-1/2 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring 664 sq. ft.	Residential use

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Particulars of the Property, Description & Area	Existing Usage
48.	Agreement for Sale dated November 26, 2009	Mandhana Industries Limited	M/s. U.K Builders	13,12,132/-	Flat No. 307, Building F/1 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring 713.6 sq. ft.	Residential use
49.	Agreement for Sale dated November 26, 2009	Mandhana Industries Limited	M/s. U.K Builders	13,38,610/-	Flat No. 303, Building F/1 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring 728 sq. ft.	Residential use
50.	Agreement for Sale dated November 26, 2009	Mandhana Industries Limited	M/s. U.K Builders	12,57,705/-	Flat No. 302, Building F/1 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring 684 sq. ft.	Residential use
51.	Agreement for Sale dated November 26, 2009	Mandhana Industries Limited	M/s. U.K Builders	13,12,132/-	Flat No. 306, Building F/1 on Third Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring 713.6 sq. ft.	Residential use
52.	Agreement for Sale dated March 30, 2010	Mandhana Industries Limited	M/s. U.K Builders	11,91,510/-	Flat No. 403, Building L/2 on Fourth Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring 648 sq. ft.	Residential use
53.	Agreement for Sale dated March 30, 2010	Mandhana Industries Limited	M/s. U.K Builders	20,65,800/-	Flat No. 105, Building K3/3 on First Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring 826.4 sq. ft.	Residential use
54.	Agreement for Sale dated March 30, 2010	Mandhana Industries Limited	M/s. U.K Builders	15,73,000/-	Flat No. 203, Building K3/4 on Second Floor, Ostwal Empire, Saravali Village, Boisar, Taluka Palghar, Thane, admeasuring 572 sq. ft.	Residential use

b. List of leased properties:

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
1.	Sale deed dated October 31, 2006	Maharashtra Industrial Development Corporation Limited and Mandhana Industries Limited	Plot No. C-3 admeasuring 46250 sq. mtrs. together with factory building and structures standing thereon in Tarapur Industrial Area, Village Kolvade & Salvade, Taluka Palghar, Thane, Maharashtra	95 years from October 31, 1977	6,17,10,000	-	CDR/CBR Processing Unit/ Registered Office
2.	Deed of Confirmation dated September 5, 1995 and Indenture dated July 12, 1994	JCT Limited and Mandhana Industries Limited	E-33, Tarapur Industrial Area, Tarapur, Village Salwad, Palghar. Thane admeasuring 7,800 sq. mtrs. or thereabouts	95 years from August 12, 1986	3,97,800	-	Mandhana Weaving House
3.	Deed of Confirmation dated September 5, 1995 and Indenture dated July 12, 1994	JCT Limited and Mandhana Industries Limited	E-25, Tarapur Industrial Area, Tarapur, Village Salwad, Palghar. Thane admeasuring 7,800 sq. mtrs. or thereabouts and plot nos. RA-15, RB-24, RC-15, R-1, Flat No. 3 and Flat No. 4 at Building No. B-4 on Plot No. R-4 and Flat No. 11 & 12 at building A-1 at Plot No. R-5 located at Tarapur Industrial Area, Tarapur, Village Salwad, Palghar, Thane	95 years from March 18, 1986	1,19,50,000	-	Mandhana Dyeing (Process House for fabric)
4.	Leave and license agreement dated November 24, 2009	Maharashtra Industrial Development Corporation (MIDC) and Mandhana	Plot number E-132 admeasuring 17,574 sq. mtrs, Tarapur Industrial Area, Salwad, Palghar, Thane	95 years	Yearly rent of Re. 1  The licensee has paid to the Chief	Should the executive engineer, not approve the plans, elevations, details and specifications	To be used for the proposed Garment Manufacturing Facility, which is one

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
		Industries Limited (licensee)	(property)		<p>Executive Officer, MIDC a sum of 4,05,95,940/- being the amount of premium payable by the licensee.</p> <p>The licensee has to pay 8,11,919/- approximately per annum as recurring charges such as Government Revenue, the Grantor's ceases and the owners share of Municipal or Village Panchayat rates or taxes.</p>	<p>whether originally submitted or subsequently required or if the same shall not be submitted within the time stipulated the Chief Executive Officer may by notice in writing to the licensee, terminate the agreement and if possession as a license has been given to the licensee, the MIDC may re-enter upon the property and the property shall be resumed to MIDC.</p>	of the objects of the Issue
5.	Leave and license agreement dated January 01, 2010	Mr. Manish Mandhana and Mandhana Industries Limited	Unit No. 205, 211 and passage between the units including the furniture and fixtures within the units at Peninsula Centre, Cadastral Survey No. 107, S. S. Road, Off Dr. Ambedkar Road, Mumbai 400 012 admeasuring 3,599 sq. ft. or thereabouts (built-up area)	33 months from January 01, 2010 to September 30, 2012 (both days inclusive)	The licensee shall bear and pay all present and future rates, taxes, levies, assessments, charges, contributions to building repairs, maintenance charges and outgoings (including non-occupancy charges, if any) pertaining to the licensed premises and the car parking space(s) whether payable to the Society or the Municipal	The licensee shall be entitled to terminate this agreement at any time but only after the expiry of 22 months from the date of commencement of this license by giving the licensor not less than three months prior written notice. The licensor shall be entitled to terminate this agreement at any time after the expiry of an initial period of 22 months from the date of commencement of this license by giving the licensor	Corporate Office

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
					Corporation or any other statutory body or authority.	not less than three months prior written notice.	
6.	Leave and license agreement dated January 01, 2010	Mr. Priyavrat Mandhana and Mandhana Industries Limited	Unit No. 208 including the furniture and fixtures within the units at Peninsula Centre, Cadastral Survey No. 107, S.S. Road, Off Ambedkar Road, Mumbai – 400 012 admeasuring 805 sq. ft. or thereabouts (built-up area)	33 months from January 01, 2010 to September 30, 2012 (both days inclusive)	Total license fee of 14,490 per month. The licensee shall deposit with the licensor a further sum of 1,21,00,000 as security deposit.	The licensee shall be entitled to terminate this agreement at any time but only after the expiry of 22 months from the date of commencement of this license by giving the licensor not less than three months prior written notice. The licensor shall be entitled to terminate this agreement at any time after the expiry of an initial period of 22 months from the date of commencement of this license by giving the licensor not less than three months prior written notice.	Corporate Office
7.	Leave and license agreement dated January 01, 2010	Mr. Biharilal Chhaganlal Mandhana and Mandhana Industries Limited	Unit No. 209, 210 including the furniture and fixtures within the units at Peninsula Centre, Cadastral Survey No. 107, S.S. Road, Off Ambedkar Road, Mumbai – 400 012 admeasuring 2,021 sq. ft. or thereabouts (built-up area)	33 months from January 01, 2010 to September 30, 2012 (both days inclusive)	Total license fee of 36,378 per month. The licensee shall deposit with the licensor a further sum of 3,03,00,000 as security deposit.	The licensee shall be entitled to terminate this agreement at any time but only after the expiry of 22 months from the date of commencement of this license by giving the licensor not less than three months prior written notice. The licensor shall be entitled to terminate this agreement at any time after the expiry of an initial	Corporate Office



Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
						period of 22 months from the date of commencement of this license by giving the licensor not less than three months prior written notice.	
8.	Leave and license agreement dated January 01, 2010	Ms. Prema Purushottam Mandhana and Mandhana Industries Limited	Unit No. 212 including the furniture and fixtures within the units at Peninsula Centre, Cadastral Survey No. 107, S.S. Road, Off Ambedkar Road, Mumbai – 400 012 admeasuring 1,505 sq. ft. or thereabouts (built-up area)	33 months from January 01, 2010 to September 30, 2012 (both days inclusive)	Total license fee of 27,090 per month The licensee shall deposit with the licensor a further sum of 2,26,00,000 as security deposit.	The licensee shall be entitled to terminate this agreement at any time but only after the expiry of 22 months from the date of commencement of this license by giving the licensor not less than three months prior written notice. The licensor shall be entitled to terminate this agreement at any time after the expiry of an initial period of 22 months from the date of commencement of this license by giving the licensor not less than three months prior written notice.	Corporate Office
9.	Leave and license agreement dated January 01, 2010	Mr. Purushottam Chhaganlal Mandhana and Mandhana Industries Limited	Unit No. 213, 214 and the passage between the units including the furniture and fixtures within the units at Peninsula Centre, Cadastral Survey No. 107, S.S. Road, Off Ambedkar Road, Mumbai – 400 012 admeasuring 5,385 sq. ft. or thereabouts (built-	33 month from January 01, 2010 to September 30, 2012 (both days inclusive)	Total license fee of 96,930 per month. The licensee shall deposit with the licensor a further sum of 8,09,00,000 security deposit.	The licensee shall be entitled to terminate this agreement at any time but only after the expiry of 22 months from the date of commencement of this license by giving the licensor not less than three months prior written notice. The licensor shall be	Corporate Office

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
			up area)			entitled to terminate this agreement at any time after the expiry of an initial period of 22 months from the date of commencement of this license by giving the licensor not less than three months prior written notice.	
10.	Lease deed dated September 14, 2009	Mr. H. C. Byre Gowda and Mandhana Industries Limited	Building constructed at property bearing no. 26/A at Peenya II Phase, Industrial Area, Survey No. 38, 39, 40 and 51 of Nellakadar-anhalli Village, Yeswantpur Hubli, Bangalore admeasuring 68,145 sq. ft. comprising of ground floor + 4 floors.	5 years from August 01, 2009 to July 31, 2014. The lease agreemtn shall be renewed for such furhter period and such terms and conditions as the parties by mutual consent agree.	a. Rs. 5,61,793/- for the period commencing from August 01, 2009 to July 31, 2011; b. Rs. 6,17,972/- for the period commencing from August 01, 2011 to July 31, 2013; c. rent payable for the period commencing from August 01, 2013 to July 31, 2014 will be mutually decided at a later date. Interest free Security Deposite of Rs. 69,25,000/- deposited by the Company.	In the event that our Company fails to pay the rent to the lessor for a consecutive period of three months, the lessor can terminate the lease by giving three months notice in writing to the our Company calling upon the our Company to pay the arrears of rent.	Garment production
11.	Lease deed dated September 1, 2005	France Immobilier Group and Mandhana Industries Private Limited France	Premises located at Paris (2 <sup>nd</sup> district) at 15 rue de la banque as a showroom for textiles,	9 years from September 1, 2005	Rent to be paid is 51,330 Euros for first year 53,100 Euros for the second year excluding index variation	-	Show room for textiles.

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
		Immobilier group			and 56,640 Euros for the third year excluding index variation. Deposit of 12,833 Euros		
12.	Agreement of Leave and License dated February 01, 2010.	Mr. Dinesh. C. Pathak and Mandhana Weaving House (Shirting Division)	Flat No. 108, A-Wing, Building No. 1, Shiv Kala Arcade, Boisar(W), Talpalghar, Thane 401 501 admeasuring 800 sq. ft. including fitting and fixtures.	11 months Commencing from Febrauary 01, 2010 to December 31, 2010	License fees of 4,500 per month.	Either party may terminate the agreement by giving a one month notice to the other.	Residential
13.	Agreement of Leave and License dated September 02, 2009	Mr Rashbihari Singh and Mandhana Weaving House (Shirting Division)	Gram Panchayat House Nos. 5075, Azad Nagar(Sanewadi), Boisar(W), Palghar, Thane including fitting and fixtures. (3 rooms)	11 months Commencing from July 16, 2009 to June 15, 2010	License fees shall be equivalent to 2,200 per month, per room.	Either party may terminate the agreement by giving a one month notice to the other.	Residential
14.	Agreement of Leave and License dated September 02, 2009	Mr Sunilkumar Singh and Mandhana Weaving House (Shirting Division)	Gram Panchayat House Nos. 5075, Azad Nagar(Sanewadi), Boisar(W), Palghar, Thane including fitting and fixtures.( 3 rooms)	11 months Commencing from July 16, 2009 to June 15, 2010	License fees shall be equivalent to 2,200 per month, per room.	Either party may terminate the agreement by giving a one month notice to the other.	Residential
15.	Agreement of Leave and License dated September 02, 2009	Mr Pramila Singh and Mandhana Weaving House (Shirting Division)	Gram Panchayat House Nos. 5075, Azad Nagar (Sanewadi), Boisar(W), Palghar, Thane including fitting and fixtures.( 3 rooms)	11 months Commencing from July 16, 2009 to June 15, 2010	License fees shall be equivalent to 2,200 per month, per room.	Either party may terminate the agreement by giving a one month notice to the other.	Residential
16.	Lease Agreement dated August 29, 2009	C. Pushpalatha and Mandhana Industries Limited	AC Block, Old No. 31, New No. 8, (Second Floor Front Portion) 4 <sup>th</sup> Street, Annanagar, Chennai admeasuring approximately 150	11 months commencing from June 01, 2009	Rent of 7,350 per month and interest free refundable deposit of 70,000.	Either party may terminate the agreement by giving a three months notice to the other.	Marketing office

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
			sq. ft.				
17.	Leave and License agreement dated January 31, 2010.	Daljeet Singh Kohli and Mandhana Industries Limited	Flat No. 1501, 15 <sup>th</sup> Floor, Challengers CHS, Tower No. 4, Thakur Village, Kandivali(E), Mumbai 400101 admeasuring 960 sq. ft. along with open car parking No. 202.	11 months commencing from February 02, 2010 to January 01, 2011	Advance monthly rent of 23,000/- Rent cheques of eleven months to be taken in advance as post dated cheques with dates mentioned on or before the 10 <sup>th</sup> day of each English calendar month in advance.  A security deposit of 2,00,000/- is also to be paid.	Either party may terminate the agreement by giving a one month notice to the other.	Residential
18.	Leave and License agreement	Shri V Madeswaran and Mandhana Industries Limited	Property at Erode admeasuring 1200 sq. ft.	36 months Commencing from September 01, 2007 to September 01, 2010	License fees of 4,000 per month and a refundable advance of 25,000.	The parties to the agreement are not entitled to terminate the agreement for any reason whatsoever during the term of the license.	Godown
19.	Lease deed dated April 18, 2007	Mr. Somashekar Reddy and Mandhana Industries Private Limited	Building No. 1 & 2, Subratho Mukherji Road, Ward No. 13, Near Jalahalli Cross,(CMC or BBMP) Dasarahalli, Bangalore 560 057	10 years commencing from April 18, 2007	Rent of 1,66,643 per month and interest free deposit of 16,66,262 refundable at the expiry of the lease. The rent payable shall be subject to an escalation by 7.5% every year.	-	Export Division
20.	Lease Deed dated January 01, 2008	Mr.M. Ramaswamy Raju, Mr. Susheela, Mr.	Maruthi Plaza, Survey No. 36/2, admeasuring 40,000 sq. ft.	6 years and 6 months commencing from January	Rent of 2,50,000 per month and interest free	The lessee may terminate the agreement by giving three	Garment Unit

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
		Srinivas Raju, Mr. Mahendra Raju and Mandhana Industries Limited	Madanayakanahalli village, Dasanapura Hobli, Tumkur Road, Banagalore- 562 123, North Taluka	01, 2008.	security deposit of 25,00,000 refundable at the expiry of lease. The rent payable shall be subject to an escalation by 10% after the expiry of two years.	months notice to the lessor. The lessor may terminate the agreement in the event the lessee defaults in the payment of rent for three consecutive months.	
21.	Lease Agreement dated February 14, 2008 and Lease Agreement dated February 14, 2008 and renewal letter dated July 15, 2009.	Mr. Purushottam Mandhana (on behalf of Mandhana Industries Limited) and Mr. T.P Darshan	Flat no. D-201, second floor, Brigade Regency, bearing property number 75, 8 <sup>th</sup> Main Road, 18 <sup>th</sup> Cross Road, Malleshwaram, Bangalore.  Along with fixtures and furniture as mentioned below: - Wardrobes in two bed rooms. - Dressing table in two bed rooms - Kitchen cabinets. Light fittings, four fans and two geysers.	11 months commencing from January 01, 2009. Further extended for a period of 5 months vide letter dated December 22, 2009 expiring on May 31, 2010.	A monthly rent of 22,000 A monthly rent for the furniture and fixtures to be paid at the rate of 6,000 per month. An interest free refundable security deposit of 2,00,000 At the time of vacating the premises the licensee shall also pay a sum of 10,000 towards painting and cleaning of the premises.	Either party may terminate the agreement by giving a one month's notice to the other or by the payment of one month's rent in advance.	Residential use
22.	Memorandum of Understanding dated September 19, 2009	Karnataka Texspares and Steel Profiles Private Limited and our Company	Ground, First and second floor admeasuring 27,945 sq feet situated at no. 21-D, 2 <sup>nd</sup> Phase, Peenya Industrial area, Bangalore - 58	6 years from November 01, 2009 or such later date as mutually agreed upon between the parties.  This MoU shall be valid and shall remain in force till the execution of a lease deed	The licensee shall pay a monthly licensee fee of: 2,51,505/- for the first 2 years. 2,76,655/- per month for the 3 <sup>rd</sup> and 4 <sup>th</sup> year at an incremental rate of 10% of the lease rent paid for the	This MoU shall be valid and shall remain in force till the execution of a lease deed between the parties hereto.	Garment Unit

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
				between the parties hereto.	<p>first 2 years</p> <p>3,04,320/- per month for the 5<sup>th</sup> and 6<sup>th</sup> year at an incremental rate of 10% of the lease rent paid for the 3<sup>rd</sup> and 4<sup>th</sup> year.</p> <p>2,000/- per KVA towards electricity deposit, refundable on lapse or termination of the MoU after deducting the arrears.</p> <p>25,15,050/- as security deposit to be refunded on lapse or termination of the MoU.</p>		
23.	Memorandum of Rental Agreement dated November 22, 2008	Mr. K Pandurangan (first party) and our Company	Property bearing Municipal number 13-C, 5 <sup>th</sup> Cross, 3 <sup>rd</sup> Phase, Peenya Industrial area, Bangalore – 58	5 years from the date of this agreement.	<p>1,25,000/- towards monthly rent. 5% enhancement on the existing rent at the end of 1<sup>st</sup> year onwards.</p> <p>Lock-in period for the rent is 6 months, irrespective of our Company utiising premises.</p> <p>7,50,000/- as security deposit to be refunded on</p>	The parties shall have the option to terminate the agreement by giving one month prior. However, the Agreement for the initial period of 2 years from the date of the signing of the agreement.	Warehouse and sampling unit.

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
					lapse or termination of the MoU.		
24.	Leave and license agreement dated September 09, 2009	Ms. Cecilia Albert Rozario and Mandhana Industries Limited	Flat no. 1402, admeasuring 1295 square feet and situated at Oberoi Garden OG-I "A" Wing, Thakur Village, Kandivili (E), Mumbai along with car parking number 25 on P-I	33 months commencing from October 15, 2009 to July 14, 2012	<p>The licensee shall pay a monthly licensee fee of:</p> <p>43,000/- for the period from October 16, 2009 to September 14, 2010.</p> <p>47,300/- for the period from September 15, 2010 to August 14, 2011.</p> <p>52,030/- for the period from August 15, 2011 to July 14, 2012.</p> <p>2,00,000/- as security deposit to be refunded on lapse or termination of the agreement.</p>	The licensor and the licensee have the option to terminate the lease by giving 3 months prior notice.	Residential use
25.	Lease agreement dated March 01, 2010	Ms. Madhulika Mehta and Mandhana Industries Limited	Flat no. 508 admeasuring 565 square feet, situated at Ansal Tower, 38 Nehru Place, New Delhi along with half the area under common walls between two flats, full are of walls in other cases with rights to use the common areas and amenities like entrance, passage,	3 years commencing from March 01, 2010 to February 28, 2013.	<p>Lessee shall pay a monthly rent of:</p> <p>45,200/- for the period commencing from March 01, 2010 to February 29, 2012.</p> <p>47,460/- for the period commencing from March</p>	After expiry of 12 months of the lease period, the lessor and the lessee shall have the option to terminate the lease by giving 3 months prior notice.	Sales office

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
			lifts, staircase and other amenities with and pertaining to the flat.		01, 2012 to February 28, 2013.  1,35,600/- as security deposit to be refunded on lapse or termination of the agreement.		
26.	Lease agreement dated March 01, 2010	Mr. Satish Kumar and Mandhana Industries Limited	Flat number 509 admeasuring 568 square feet, situated at Ansal Tower, 38 Nehru Place, New Delhi along with half the area under common walls between two flats, full are of walls in other cases with rights to use the common areas and amenities like entrance, passage, lifts, staircase and other amenities with and pertaining to the flat.	3 years commencing from March 01, 2010 to February 28, 2013.	Lessee shall pay a monthly rent of:  45,440/- for the period commencing from March 01, 2010 to February 29, 2012.  47,712/- for the period commencing from March 01, 2012 to February 28, 2013.  1,36,320/- as security deposit to be refunded on lapse or termination of the agreement.	After expiry of 12 months of the lease period, the lessor and the lessee shall have the option to terminate the lease by giving 3 months prior notice.	Sales office
27.	Leave and license agreement dated November 19, 2009	Ms. Nalini Prakash Pimple and Mandhana Shirting Division	Flat admeasuring 750 square feet situated at Building number A-2, Omkar Housing Society, Navapur Road, Boisar, Palghar, Thane	11 months commencing from November 18, 2009 to October 17, 2010.	Licensee has to pay a lease rent of Rs.4,500/-  15,000/- as security deposit to be refunded on lapse or termination of the agreement.	Licensee and the licensor has the right to terminate the agreement by giving one month notice to the other party. In case of termination the rent paid in advance shall be refunded after proper adjustment.	Residential use



Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
28.	Leave and agreement dated November 21, 2009	Mr. Pramila R. Singh and Mandhana Industries Limited	Gram Panchayat House Nos. 5075, Azad Nagar (Sanewadi), Boisar (W), Palghar, Thane including fitting and fixtures. (Room numbers 5, 6 and 12)	11 months commencing from October 05, 2009 to September 04, 2010.	The licensee shall pay a monthly license fee of 2,200/- per room.	The licensor or the licensee can terminate this agreement after giving one month notice to the other party.	Residential use
29.	Leave and license agreement dated March 01, 2010	Ms. Prema P. Mandhana and Ms. Sangeeta M. Mandhana (licensors) and Mandhana Industries Limited (Licensee)	Flat number 1103 admeasuring 1,219 square feet situated at 11 <sup>th</sup> floor, Alder, Godrej Woodsman Estate, Amco Batteries Compound, Bellary Road, Bangalore (property)	33 months commencing from March 01, 2010 to November 30, 2013	The licensee shall pay a monthly fee license of:  20,000/- for the period commencing from March 01, 2010 to January 31, 2011.  22,000/- for the period commencing from February 01, 2011 to December 31, 2012.  24,200/- for the period commencing from January 01, 2012 to November 31, 2013.  2,00,000/- as security deposit to be refunded on lapse or termination of the agreement.	The licensee is entitled to terminate the agreement if any hindrances or obstacles are created by the licensors or their agents or any third party so as to devoid the licensee from using or enjoying the property.  The licensors will be entitled to terminate the agreement and re-enter the property in accordance with law should the licensee default in the payment of any license fee due for more than two consecutive months or should the licensee commit a breach of any of the other conditions specified in the agreement.	Company Guest House
30.	Leave and license Agreement dated February 05, 2010	Mr. Chhattiyatil Krishnan Kutty Narayan and Mandhana Industries	Room No. 202, admeasuring 860 sq. ft. situated at 2 <sup>nd</sup> Floor, A-wing, Mahavir Residency, K.P. Nagar, Opposite	11 months, commencing from February 05, 2010 to January 04, 2011.	The licensee shall pay a monthly license fee of 4,750/-.  20,000/- as	The licensor or the licensee can terminate this agreement after giving one month notice to the other party.	Residential use

Sr. No.	Date of Deed / Agreement	Name of Parties	Particulars of the Property, Description & Area	Tenure	Consideration and other payments (Rs.)	Termination Clause	Existing Usage
		Limited	TAPS Colony, Boisar, Palghar, Thane		security deposit to be refunded on lapse or termination of the agreement.		
31.	Leave and license Agreement dated March 15, 2010	Mr. Amit Kulshrestha and Mandhana Industries Limited	Room No. 103, admeasuring 860 sq. ft. situated at 1 <sup>st</sup> Floor, A-wing, Mahavir Residency, K.P. Nagar, Opposite TAPS Colony, Boisar, Palghar, Thane	11 months, commencing from March 03, 2010 to February 14, 2011.	The licensee shall pay a monthly license fee of 4,750/-.  20,000/- as security deposit to be refunded on lapse or termination of the agreement.	The licensor or the licensee can terminate this agreement after giving one month notice to the other party.	Residential use

Our Company also owns the below mentioned flat as stock in trade for the property developed by it on plot no. 18 situate at Mogul Lane, Mahim 400 016:

Sr. No.	Name of the Party	Property Details
1.	Mandhana Industries Limited	Flat no. 16, C-Wing, Mandhana Manor Situated at 18, Mogul lane, Mahim 400 016 admeasuring 1000 sq. ft.

**Note:**

1. Our Company has not obtained title clearance certificate for any of our above mentioned properties.
2. Our Company does not require to obtain any approval from any government/statutory body for the above mentioned properties.

**Insurance Policies**

Our Company has insured all the units, Boiler House, godowns, warehouses, offices, stocked raw materials, finished goods, stocks in process, plant and machinery, computers, laptops, scanners, printers and furniture, residential premises against fire accidents, robbery, burglary, house breaking and such other loss and damage to property. Our Company has also insured its permanent employees and its contract workers working at these units, godowns and warehouses against any loss and damages caused to them when on duty.

**Restrictive Covenants under Loan Agreements**

Loan Agreements executed by our Company with various lenders contain certain restrictive covenants, which prohibit us from the following:

1. Our Company shall not declare the dividend without prior approval of the Bank;
2. Our Company shall not divert any funds from short term sources to long term uses and an undertaking letter to this effect to be taken from our Company;
3. Our Company shall not at any time, borrow or draw against each of the accounts so as to cause the debit balance of such account, at any time to exceed 50% or such other percentage as the Bank from time to time determined;
4. Subject to the power of the Bank and the obligations of our Company, our Company may with the approval of the Bank deal with hypothecated premises in the ordinary course of its business but on the express terms of payment or delivery to the Bank of the proceeds immediately on receipts thereof;

5. Subject to the provisos of the agreements signed with the Bank and the Bank's powers conferred by the security, our Company in its ordinary course of business may sell and dispose of any of the hypothecated goods. But our Company shall on any or every such sale on receipt of the documents or sale proceeds deliver the documents or pay the Net Proceeds of sale in satisfaction so far as the same will extend of the balance then due and owing on the account kept by the bank in respect of such loans provided that our Company shall not make any sale of any of the hypothecated goods upon being prohibited in writing by the Bank from doing so;
6. Our Company shall not without the written consent of the Bank, create in any manner any change, lien or other encumbrance on movables hypothecated to the Bank in favour of nay other party or person;
7. The Company shall not pull down or remove any part or structure (except any temporary structure) on the lands for the time being forming part of the secured properties or any fixtures or fittings annexed to the same or any of them except in the ordinary course of repair and maintenance or improvement or replacement or otherwise and our Company will in such case forthwith restore or procure to be restored such flats, structures, fixtures, fittings as the case may be, or replace the same or procure the same to be replaced by others of a similar nature and of at least equal value;
8. Our Company agrees that it will not compound or release any of the Book Debts nor do anything whereby the recovery of the same may be impeded, delayed or prevented without the consent of the Bank and further agrees to keep proper books of account of its business and will at all times as and when required produce such books of account and all vouchers, papers and documents relating thereto for the inspection of the Bank and any of its officers or agents and allow free access to them without any demur; and
9. Our Company shall not remove or dismantal any of the hypothecated assets without the consent in writing of the Bank except in any case where such removal or dismanting shall in the opinion of our Company be rendered necessary by reason of the same being worn out, obsolete, discarded, injured, damaged or broken an din such case will replace those worn out, obsolete, discarded, injured, damaged or broken by other of a similar nature and of at least equal value and shall also whenever necessary renew or replace all such assets to be used for the purpose of or in connection with the business of our Company when and as the same shall be worn out, obsolete, injured, damaged or broken.

**Our Company has availed loans from the following banks:**

State Bank of Patiala; Punjab National Bank; Bank of Maharashtra; Corporation Bank; Axis Bank Limited; Indian Bank; Standard Chartered Bank; Andhra Bank; DBS Bank Limited; State Bank of India, Bank of Baroda and ICICI Bank Limited.

## FINANCIAL INDEBTEDNESS

The borrowings of our Company including secured and unsecured loans are as given in the table below:

### DETAILS OF PRINCIPAL TERMS & CONDITIONS OF LOANS OUTSTANDING AS AT 28<sup>TH</sup> FEBRUARY, 2010.

Nature Of Loan	Name of Institution	Sanctioned Limit	O/s. as at 28 <sup>th</sup> February, 2010	Rate of Interest P.A.	Repayment Terms	Securities Offered
<b>Term Loans</b>	Andhra Bank, Fort, Mumbai.	<b>Rs. 375.00 Lacs</b> Vide letter dated 16/3/2005  - Sub Limit for LC (within Term Loan of Rs. 375.00 Lacs) Rs. 300.00 Lacs	<b>Rs 150.84 Lacs</b>	Sub-BMPLR rate at BMPLR - 0.25%	20 equal quarterly installments with a moratorium of 24 months  Interest to be recovered as & when debited.	1 <sup>st</sup> Charge on the Fixed Assets at Processing Division at E-25, MIDC, Tarapur.
	Bank of Maharashtra, Nariman Point, Mumbai	<b>Rs. 1,485.00 Lacs</b> Vide letter dated 1/9/2006 - Sub Limit for One Time LC (within Term Loan of Rs. 1,485.00 Lacs) Rs. 1,485.00 Lacs  <b>Rs. 578.00 Lacs</b>  <b>Rs. 413.00 Lacs</b>	<b>Rs 1,206.00 Lacs</b>  <b>Rs.553.50 Lacs</b>  <b>Rs.413.00 Lacs</b>	11.75% p.a. with monthly rests linked to Banks BPLR  BPLR-1.00%  BPLR-1.00%	Repayable in 96 installments of Rs. 15.47 Lacs per month with initial moratorium of 2 years.  Initially moratorium of 24 months from the date of first disbursement.  Initially moratorium of 24 months from the date of first disbursement.	1 <sup>st</sup> Charge on Fixed Assets by way of hypothecation of assets of Process Division at E-25, MIDC, Tarapur.  Hypothecation of Plant & Machinery to be acquired for Process Division at E-25, MIDC, Tarapur  Hypothecation of Plant & Machinery to be acquired for Process Division at E-25, MIDC, Tarapur
	Corporation Bank, IFB, Mumbai.	<b>Rs. 1,237.00 Lacs</b> Vide letter dated 19/01/2007  - Sub Limit for One Time LC (within Term Loan of Rs. 1,237.00 Lacs) Rs. 1,150.00 Lacs	<b>Rs.927.80 Lacs</b>	12.00% p.a. subject to revision from time to time.	32 equal quarterly installments of Rs. 38.67 Lacs after a moratorium of 12 months from the 1 <sup>st</sup> disbursement.	Exclusive 1 <sup>st</sup> charge on the entire fixed assets (except vehicles) of the company situated at Bangalore (Unit II) acquired or to be acquired out of Bank Finance with estimated cost of Rs. 1373.00 Lacs (excluding security

Nature Of Loan	Name of Institution	Sanctioned Limit	O/s. as at 28 <sup>th</sup> February, 2010	Rate of Interest P.A.	Repayment Terms	Securities Offered
		<b>Rs. 625.00 Lacs</b> Vide letter dated 27/9/2006	<b>Rs.261.90 Lacs</b>	12.00% p.a. subject to revision from time to time.	Interest to be paid separately as & when due. 20 quarterly installments of Rs. 31.25 Lacs starting from 31/8/2006  Interest to be paid separately as & when due.	deposit of Rs. 127.00 Lacs)  Exclusive 1 <sup>st</sup> charge on the entire fixed assets (except vehicles) of the company situated at Bangalore & Vikhroli
		<b>Rs. 475.00 Lacs</b> Vide letter dated 27/9/2006	<b>Rs.156.24 Lacs</b>	12.00% p.a. subject to revision from time to time.	20 quarterly installments of Rs. 23.75 Lacs starting from 1/5/2008 Interest to be paid separately as & when due.	Exclusive 1 <sup>st</sup> charge on the entire fixed assets (except vehicles) of the company situated at Bangalore & Vikhroli Exclusive 1 <sup>st</sup> charge on Gala 154 & 155 at Kewal Indl. Estate, Lower Parel
	State Bank of Patiala, Nariman Point, Mumbai.	<b>Rs. 7,095.00 Lacs</b> Vide letter dated 6/6/2005  - Sub Limit of LC (within Term Loan of Rs. 7,095.00 Lacs) Rs. 3,000.00Lacs	<b>Rs.4,875.00 Lacs</b>	1.5% below BPLR .	31 equal quarterly installments of Rs. 222.00 Lacs commencing from September 2007 and last installment of Rs. 213.00 Lacs	1 <sup>st</sup> charge on fixed assets of shirting division including equitable mortgage of immovable properties at Plot No. C-2, MIDC, Tarapur, Palghar.
		<b>Rs. 660.00 Lacs</b> Vide Letter dated 2/11/2006  - Sub Limit of LC (within Term Loan of Rs. 660.00 Lacs) Rs. 400.00 Lacs	<b>Rs..534.00 Lacs</b>	2% below BPLR	32 equal quarterly installments of Rs. 20.63 Lacs after a moratorium of 24 months from the 1 <sup>st</sup> disbursement.	
		<b>Rs. 4,125.00 Lacs</b> Vide letter dated 30/3/2007  - Sub Limit of LC (within Term Loan of Rs. 4125.00 Lacs) Rs. 3500.00	<b>Rs.2,941.18 Lacs</b>	1.00% below BPLR	32 equal quarterly installments of Rs. 128.91 Lacs after a moratorium of 24 months from the 1 <sup>st</sup>	

Nature Of Loan	Name of Institution	Sanctioned Limit	O/s. as at 28 <sup>th</sup> February, 2010	Rate of Interest P.A.	Repayment Terms	Securities Offered
		Lacs			disbursement.	
	Axis Bank Limited*	<b>Rs.5,000.00 Lacs (Vide Letter dated 03.10.2008)</b>	<b>Rs.5,000.00 Lacs</b>	BPLR-2.75%	Tenor 11 years including 3 years moratorium  In 32 Installments commencing from 13 <sup>th</sup> Quarter	Under IPO Project : Pari Passu charge on the entire fixed assets of the company, present and future, along with other term lenders excluding the assets already charges on exclusive basis.
	Bank of Baroda *	<b>Rs. 8,000.00 Lacs.</b>	<b>Rs.5,418.13 Lacs</b>	1.75% below BPLR	In 32 quarterly installments after a moratorium of 3 years	The Joint hypothecation on movable properties and joint equitable mortgage on the immovable properties shall be created Disbursement to be made on execution of interim individual documentation of participating banks/FI's
	Indian Bank *	<b>Rs.1,250.00 Lacs</b>	<b>Rs.1,249.33 Lacs</b>	BPLR+TP-1.50% Floating	In 32 quarterly installments after a moratorium of 3 years	1 <sup>st</sup> pari passu charge on all the present and future immovable & movable fixed assets, excluding assets charged on exclusive basis shared by all the terms lenders of the project. 2 <sup>nd</sup> Pari passu charge on all present & future current assets, excluding assets charged on exclusive basis
	Punjab National Bank *	<b>Rs. 4,500.00 Lacs.</b>	<b>Rs.4,233.31 Lacs</b>	BPLR+0.50(Term Premium)-2%	In 32 quarterly installments after a moratorium of 3 years	1 <sup>st</sup> pari passu charge on all the present and future immovable & movable fixed assets, excluding assets charged on exclusive basis shared by all the terms lenders of the project. 2 <sup>nd</sup> Pari passu charge on all present & future current assets, excluding

Nature Of Loan	Name of Institution	Sanctioned Limit	O/s. as at 28 <sup>th</sup> February, 2010	Rate of Interest P.A.	Repayment Terms	Securities Offered
						assets charged on exclusive basis.
	State Bank of India(erstwhile State Bank of Saurashtra) *	<b>Rs.1,500.00 Lacs</b>	<b>Rs.1,500.00 Lacs</b>	Floating rate at 1.75% below BPLR,	In 32 quarterly installments after a moratorium of 3 years	1 <sup>st</sup> pari passu charge on all the present and future immovable & movable fixed assets, excluding assets charged on exclusive basis shared by all the terms lenders of the project. 2 <sup>nd</sup> Pari passu charge on all present & future current assets, excluding assets charged on exclusive basis.
	ICICI Bank Limited	<b>Rs. 1,000.00 Lac</b>	<b>Rs. 750.00 Lac</b>	12.25% p.a.	Repayable in 8 equal Quarterly Installment commencing from 15 March, 2010	Equitable Mortgage over Property situated at 207 A&B at Peninsula Centre, Parel Mumbai.
Working Capital (WC)	Bank of Maharashtra, Nariman Point, Mumbai.	<b>Rs. 2,700.00 Lacs</b> in Foreign Currency  <b>Rs. 800.00 Lacs</b> in Indian Rupee  <b>Rs. 450.00 Lacs</b> Inland / Import LC  <b>Rs. 150.00 Lacs</b> Bank Guarantee	<b>Rs. 2,724.61 Lac</b>  <b>Rs.241.81 Lac</b>  <b>Rs. 12.90 Lacs</b>  <b>Rs.148.84 Lacs</b>	LIBOR + 500 bps (resting of LIBOR on 1 <sup>st</sup> of every month)  11.75% p.a. with monthly rest linked to Bank's BPLR	To be rolled over after every six months	Hypothecation of Stock & Receivables.
	Corporation Bank, IFB, Mumbai	<b>Rs. 1,850.00 Lacs</b> PCL / PCFC Vide letter dtd.23.12.2008.with inter changeability of Rs 750 Lacs From PSCFC Limit  <b>Rs. 1,750.00 Lacs</b> FDBN / FDBP / PSCFC with full inter changeability from PCFC limit	<b>Rs 1,519.56 Lacs</b>  <b>Rs. 957.43 Lacs</b>	9.50% p.a. subject to revision from time to time – Subvention credit of 2%  9.50% p.a. up to 90 days & 11.50% p.a. above 90 days up to 180 days subject to	Within 180 days from the date of availment of .each PCL against the proceeds of export bills.  Sight Bills to be paid within the normal transit period. Tenor not to exceed 180 days	Hypothecation of Inventory for Export.  Post Shipment shall be secured by hypothecation charge over export receivables of the company.

Nature Of Loan	Name of Institution	Sanctioned Limit	O/s. as at 28 <sup>th</sup> February, 2010	Rate of Interest P.A.	Repayment Terms	Securities Offered
		<b>Rs. 100.00 Lacs</b> Inland / Import LC (DA / DP)  <b>Rs. 100.00 Lac</b> Bank Guarantee  <b>Rs. 500.00 Lac</b> Derivative Limit  <b>Rs. 6,500.00 Lac</b> Forward Purchase Contract  <b>Rs. 1,000.00 Lac</b> Forward Sale Contract	<b>NIL</b>  <b>Rs. 92.09 Lac</b>	revision from time to time.  Commission at prescribed rates  Commission at prescribed rates	from the date of Bill of Lading in case of usance bills. DP / DA (Usance not to exceed 90 days)  Validity Period – One Year	Extension of hypothecation charge on stock / receivables relating to export activity.  10% Margin Extension of hypothecation charge on stock / receivables relating to export activity.
	Punjab National Bank	<b>Rs.1,500.00 Lac</b>	<b>Rs. 405.96 Lac</b>	Interest to be charged on mutually agreed terms  At present PLR- 1% i.e.11.00%		Exclusive and 1 <sup>st</sup> charge by way of Hypothecation of Raw Materials, work in Progress, finished goods and Books Debts related to the Tumkur Division, Bangalore UNIT IV.
	State Bank of Patiala,) Nariman Point, Mumbai	<b>Rs. 2,500.00 Lac</b>  <b>- Rs. 600.00 Lac</b> LC's for WC	<b>Rs 2190.60 Lac</b>  <b>NIL</b>	1% below BPLR i.e.11.75% p.a.  Usance period – 90 days.		1 <sup>st</sup> charge on hypothecation of current assets of the company at Plot No C-2, MIDC, Tarapur, Palghar.  2 <sup>nd</sup> charge on fixed assets of shirting division situated at C-2, MIDC, Tarapur, Palghar including equitable mortgage of Land.  10% Margin

\* Barring these facilities, all the facilities are secured by the Personal Guarantee of the Directors.

**Note:** Based on letters received from the respective lenders, as on date, there have been no defaults in borrowings by our Company.



(Rs. In Lacs)

Particulars	Name of Bank	Amount O/s. as ot 28/2/2010
<b>Vehicle Loan</b>	ICICI Bank	Rs. 16.74
	Bank of India	Rs. 5.04
	Kotak Mahindra Pvt. Ltd	Rs 13.81
<b>TOTAL</b>		Rs. 35.59

## KEY INDUSTRY REGULATIONS AND POLICIES

### The Multi Fiber Arrangement (MFA) & the WTO Agreement on Textiles & Clothing (ATC)

The Multi Fiber Arrangement governed world trade in textiles and garments from 1974 through 1994, imposing quota restrictions on the textile exports from developing countries to developed countries.

Though the MFA was signed in 1974, its roots stretched back to the 1930s. At that time, during a period of global economic distress, Japan emerged as the largest exporter of cotton textiles, and the U.S. and Europe moved to limit imports from Japan to preserve their domestic markets for their own textile industries. These restraints never really went away. By the 1960s, they were extended to Hong Kong, Pakistan, and India. As the restraints on textile trade were globalized, multilateral negotiations ensued, leading to a series of agreements. Initially, the agreements covered only cotton, but they eventually expanded into “*multi fiber*” arrangements covering textiles and clothing made from all fibers. The MFA was hence introduced in 1974 as a short-term measure intended to allow developed countries to adjust to imports from the developing world.

On January 1, 1995, the MFA was replaced by the WTO Agreement on Textiles and Clothing, which set out a transitional process for the ultimate removal of the aforesaid quotas. The ATC was signed by the signatories to the General Agreement on Tariff and Trade (GATT) on the basis of securing the eventual integration of the textiles and clothing sector into the GATT on the basis of strengthened GATT rules and disciplines whereby quotas were phased out on the basis of an agreed timetable *i.e.* 16% of imports were made quota-free by January 11, 1995, a further 17% by January 1, 1998, a further 18% by January 1, 2002 and the remaining 49% by January 1, 2005.

The ATC was a transitional instrument, built to ensure the progressive integration of textile and clothing products into the GATT 1994 rules and thereby ensure a liberalization process to progressively enlarge existing quotas (until they are removed) by increasing annual growth rates at each stage.

The abolition on January 1, 2005 of the 42-year-old system of quotas for exports of textiles and clothing has led to the biggest buyer’s market in history. From a situation where normal market rules of ‘*caveat emptor*’ (let the buyer beware) applied, we have moved to ‘*caveat venditor*’, where unwary or unprepared suppliers will find themselves without clients. The elimination of quotas has changed the global clothing industry forever, raising the bar for suppliers.

### National Textile Policy – 2000 (NTxP – 2000)

The Government of India in November 2000 announced the National Textile Policy – 2000, thereby replacing the previous Textile Policy of 1985. The main objective of the NTxP – 2000 was to enable the industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. It aimed at achieving textiles and apparel exports of upto \$ 50 billion by 2010 from the present \$ 11 billion. It also dereserved the garments sector from the SSI reservation list and lifted the foreign direct investment cap of 24 per cent. The NTxP – 2000 took note of the new challenges and opportunities presented by the changing global environment, particularly the initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for an integration of the world textile and clothing markets by the end of 2004.

#### **The objectives of the NTxP – 2000 were**

- Facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing;
- Equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
- Liberalise controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment;
- Enable the textile industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose to encourage both Foreign Direct Investment as well as research and development in the sector;
- Develop a strong multi-fibre base with thrust on product upgradation and diversification;
- Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;
- Enrich human resource skills and capabilities, with special emphasis on those working in the decentralised sectors of the textile industry; and for this purpose to revitalise the institutional structure;
- Expand productive employment by enabling the growth of the textile industry, with particular effort directed to enhancing the benefits to the north east region;

- Make Information Technology (IT), an integral part of the entire value chain of textile production and thereby facilitate the textile industry to achieve international standards in terms of quality, design and marketing and;
- Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organisations in the fulfillment of these objectives

*Vide* the NTxP – 2000 the Government has conveyed its commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfill its obligation to different sections of society.

### **Technology Upgradation Fund Scheme (TUFS)**

Given the significance of the textile industry to the overall health of the Indian economy, its employment potential and the huge historical backlog of technology upgradation, particularly in the context of the liberalization of the national industrial and trade policy and globalization of textile trade, it has been emphasized that in order to sustain and improve its competitiveness and overall long term viability, it is essential for the textile industry to have access to timely and adequate capital at internationally comparable rates of interest in order to upgrade its technology level.

In light of the foregoing, it has been felt necessary to make operational a focused and time-bound Technology Upgradation Fund Scheme (TUFS) which would provide a focal point for modernization efforts through technology upgradation in the textile industry. The main feature of the TUFS would be a five percent reimbursement on the interest actually charged by the identified financial institutions on the sanctioned projects. The TUFS was launched from April 1, 1999 to March 31, 2007 in order to provide an impetus for the modernization of the textile and jute industry and to further enhance its viability and competitiveness in the domestic and the international markets. Technology upgradation under TUFS would ordinarily mean induction of state-of-the-art or near-state-of-the-art technology. But in the widely varying mosaic of technology obtained in the Indian textile industry, at least a significant step up from the present technology level to a substantially higher one for such trailing segments would be essential. Accordingly, technology levels are bench-marked in terms of specified machinery for each sector of the textile industry. Machinery with technology levels lower than that specified will not be permitted for funding under the TUFS Scheme.

The Hon'ble Finance Minister, in his Budget Speech for the year 2007-08, has announced that the TUFS will be continued during the Eleventh Five Year Plan and has also made a provision of Rs. 911 crore for TUFS during 2007-08. It will further help domestic textile industry to upgrade the technology of existing units, and also to set up new units with state-of-the-art technology for enhancing their viability and competitiveness in the domestic and international markets.

### **Textiles Committee Act, 1963**

The Textiles Committee Act, 1963 came into force on August 22, 1964. The said Act calls for constitution of a Textiles Committee by the Central Government. The said Textiles Committee shall ensure a standard quality of textiles both for internal marketing and export purposes and the manufacture and use of standard types of textile machinery, assisting and encouraging scientific, technological and economic research in the textile industry and textile machinery. The Textiles Committee shall also promote export of textiles and textile machinery and carry on propaganda for that purpose. The said Act also imposes a duty of excise on textiles and textile machinery manufactured in India at such rate, not exceeding one per cent *ad valorem* as the Central Government may, by notification in the Official Gazette, fix. Provided that, no such cess shall be levied on textiles manufactured out of the handloom or power loom industry. However, the Central Government may exempt any variety of textiles or textiles machinery if it is required to do so in the public interest.

The Textiles Committee recognizes standard specifications for textiles and packing materials used in the packing of textiles or textile machinery, for the purposes of export and for internal consumption and affix suitable marks on such standardized varieties of textiles and packing materials.

*Vide* notification dated January 17, 2007, the Central Government has exempted ready made garments, being a variety of textiles from the levy of whole of the cess, so as to rationalize the tax and cess burden on the readymade garments in the changed scenario of global competitiveness and thus improve the competitiveness of the Indian readymade garment sector in global markets.

Further, *vide* press release dated May 24, 2007, the Union Cabinet gave its approval for exemption of all textiles and all textile machinery manufactured in India from Textiles Committee cess under the Textiles Committee Act, 1963.

### **Textile (Development and Regulation) Order, 2001**

The Textile (Development and Regulation) Order, 2001 was brought into force by the Central Government under section 3 of the Essential Commodities Act, 1955 and repealed the Textile (Development and Regulation) Order, 1993. Under the said Order every manufacturer of textiles, textile machinery and every person dealing with textiles shall keep books of accounts, data and other records relating to his business in the matter of production, processing, import, export, supply, distribution, sale, consumption, *etc.* and shall furnish such returns or information in respect of their business as and when directed by the Textile Commissioner.

The said Order further prescribes filing of an Information Memorandum as per the requisite form with the Textile Commissioner, Mumbai in the event of

- installation of textile machinery for the manufacture of textiles within thirty days of the installation of such machinery;
- relocation, selling, transferring or otherwise disposing of any textile machinery referred to above, within thirty days from the date of such re-location, sale, transfer or disposal; and
- modernization of a textile unit.

The Order further provides that no person shall make any markings on any textiles resembling the brand name or trade name of any other person who has applied for or obtained a registration to that effect under the Trade and Merchandise Marks Act, 1958 (43 of 1958), except under and limited to the extent of specific authorisation by the holder of or applicant for such brand or trade name.

### **Textile Workers' Rehabilitation Fund Scheme (TWRFS)**

The incidence of sickness and closure in the organized textile industry has been a matter of concern. One main reason of sickness is the structural transformation resulting in the composite units in the organized sector losing ground to power looms in the decentralized sector, on account of the latter's greater cost effectiveness. The other causes of sickness/closure of the industry include low productivity due to lack of modernization, stagnation in demand and inability of some units to expand in the export market, increase in the cost of inputs, difficulties in getting timely and adequate working capital, *etc.*

In order to protect the interests of the workers of closed mills, the Textile Workers' Rehabilitation Fund Scheme (TWRFS) came into force with the objective of providing interim relief to textile workers rendered unemployed as a consequence of the permanent closure of any particular portion of, or the entire textile unit. The assistance under TWRFS is available to eligible workers only for the purpose of enabling them to settle in other gainful employment and is available only for three years on a tapering basis, but would not extend beyond the date of super-annuation of any worker. The worker is entitled to get relief:

- to the extent of 75% of the wage equivalent in the first year of the closure of the unit;
- to the extent of 50% of the wage equivalent in the second year; and
- to the extent of 25% of the wage equivalent in the third year.

#### *Eligibility criteria for mills*

- A closed textile mill should be licensed under the Industrial (Development and Regulation) Act, 1951 or registered with the Textile Commissioner as a medium scale unit on the date of the closure.
- The mill should have obtained the requisite permission for closure from the appropriate State Government under Section 25(0) of the Industrial Disputes Act., 1947, or should be taken over by an Official Liquidator appointed by the High Court, and
- The unit should have closed down on or after June 6, 1985.
- This also includes partially closed units, wherein the State Government recommends that an entire uneconomic activity (like weaving or processing) is scrapped as a part of rehabilitation package for a sick/weak mill (as per the RBI definition) approved by the Nodal Agency/BIFR, provided the scrapped capacity is surrendered for cancellation and endorsement is made on the License /Registration certificate to this effect.

#### *Eligibility criteria for workmen*

- Any worker is eligible for assistance under the scheme if, he/she has been engaged in a closed textile unit on the date of its closure continuously for five years or more, and had been earning a wage equivalent of Rs. 2500 per month or less, for the mills closed between June 6, 1985 to April 1, 1993, and Rs.3500 or less thereafter.
- They should have been contributing to the Provident Fund maintained by the Regional Provident Fund Commissioner of the State concerned.
- The assistance is not heritable, transferable or capable of being attached on account of any other liability of the worker.
- The worker's eligibility shall cease if he takes up employment in another registered or licensed undertaking.
- The rehabilitation assistance will not be curtailed if the worker engages himself in a self-employment venture.

### **Scheme for Integrated Textiles Parks (SITP)**

The Scheme for Integrated Textile Parks (SITP) was launched in August, 2005, by merging the Apparel Parks for Export Scheme (APE) and the Textile Centre Infrastructure Development Scheme (TCIDS). The primary objective of the SITP is to provide the industry with world-class infrastructure facilities for setting up of textile units in clusters.

The SITP envisages creation of 25 new textile parks of international standards in potential growth centres before 2007-08. Under the SITP, an amount of Rs. 625.00 crores has been provided by the Government of India (GOI) for the development of these Parks. The Government of India's (GOI) support under the SITP by way of Grant or Equity will be limited to 40% of the project cost, subject to a ceiling of Rs. 40.00 crores.

The SITP is being implemented through Special Purpose Vehicles (SPVs). Industry Associations/Groups would be the main promoters of the Integrated Textile Parks (ITPs). The Infrastructure Leasing & Financial Services (ILF&S) has been appointed as the Project Management Consultant for implementing the SITP. The Project Management Consultant will be responsible for the speedy implementation of the Project in a transparent and professional manner, so as to achieve a high degree of quality at a low cost acceptable to the members of the SPV for which a fee will be paid to the Project Management Consultant.

### **100% Foreign Direct Investment (FDI) in the Textile Sector** **Export Promotional Measures under the Foreign Trade Policy 2008 – 2009**

**Our Company's exports currently constitute approximately 29.38% of our total sales. The following export promotional measures of the Government of India are applicable to our Company:**

#### ***1. Export Houses***

The Government of India under the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by Persons Resident Outside India) Regulations 2000 has allowed foreign equity participation upto 100%, through the automatic route, in the textile sector.

Our Company being a Two Star Export House is eligible to avail of the following facilities:

- Authorization and customs clearances for both imports and exports on self-declaration basis;
- Fixation of Input-Output norms on priority within 60 days;
- Exemption from compulsory negotiation of documents through banks. Remittance / Receipts, however, would be received through banking channels;
- 100% retention of foreign exchange in Exchange Earner's Foreign Currency account;
- Enhancement in normal repatriation period from 180 days to 360 days;
- Exemption from furnishing of bank guarantee in Schemes under Foreign Trade Policy; and
- Star Export Houses shall be permitted to establish Export Warehouses, as per Department of Revenue Guidelines.

### **Export Initiatives under the Foreign Trade Policy 2008-2009**

**Our Company's exports currently constitute approximately 29.37 % of our total sales. The following export incentives of the Government of India are applicable to our Company:**

#### ***1. Export Promotion Capital Goods Scheme (EPCG Scheme)***

The EPCG Scheme allows import of capital goods for pre-production, production and post production at 5% customs duty subject to an export obligation equivalent to 8 times of the duty saved on capital goods imported under the EPCG Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of the license. The EPCG Scheme covers manufacturer exporters with or without supporting manufacturer(s)/ vendor(s), merchant exporters tied to supporting manufacturer(s) and service providers.

#### ***2. Advance Authorization Scheme***

Advance Authorization Scheme is a duty exemption scheme issued to allow duty free import of inputs, which are physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, energy, catalysts which are consumed / utilized to obtain export product, may also be allowed. The DGFT, by means of Public Notice, may exclude any product(s) from the purview of Advance Authorization. Advance Authorizations are exempted from payment of basic customs duty, additional customs duty, education cess, antidumping duty and safeguard duty, if any. The facility of Advance Authorization shall also be available where some or all inputs are supplied free of cost to exporter by foreign buyer.

### 3. *Duty Entitlement Passbook Scheme (DEPB)*

DEPB is a duty remission scheme enabling post export replenishment / remission of duty on inputs used in export products. The Objective of DEPB is to neutralize the incidence of customs duty on import content of export product. Component of Special Additional Duty and customs duty on fuel shall also be allowed under DEPB (as a brand rate) in case of non-availment of CENVAT credit. The neutralization shall be provided by way of grant of duty credit against the export product. An exporter may apply for credit, at a specified percentage of FOB value of exports, made in freely convertible currency or payment made from foreign currency account of SEZ unit / SEZ Developer in case of supply by DTA. Credit shall be available against such export products and at such rates as may be specified by DGFT by way of public notice. Credit may be utilized for payment of Customs Duty on freely importable items. The DEPB holder shall have the option to pay additional customs duty in cash as well.

### 4. *Duty Free Import Authorization Scheme (DFIA)*

DFIA is a duty exemption scheme issued to allow duty free import of inputs, fuel, oil, energy sources, catalyst which are required for production of export product. DGFT, by means of Public Notice, may exclude any product(s) from purview of DFIA. This scheme is in force from 1<sup>st</sup> May, 2006.

### 5. *Duty Drawback Scheme (DBK)*

DBK is a duty remission scheme enabling post export replenishment / remission of duty on inputs used in export products, whereby exporters are allowed refund of the excise and import duty suffered on raw materials under DBK so as to make the products more competitive in the international market.

### 6. *Target Plus Scheme and Duty Free Credit Entitlement Certificate (DFRC)*

DFRC and Target Plus Scheme is a duty remission scheme issued to allow duty free import of capital goods including spares, office equipments, professional equipments and office furniture provided the same are freely importable under ITC (HC) and are non transferable. The objective of the scheme is to accelerate growth in exports by rewarding star export houses who have achieved a quantum growth in exports. The duty free entitlement certificate shall be valid for a period of 12 months.

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

The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 provides for the levy and collection of an additional 15% of the total amount of excise duty chargeable on certain textiles and textile articles as specified in the schedule to the said Act.

## **Union Budget 2007-2008**

The Union budget 2007-2008 has specially mentioned that the textile industry is geared up to meet the global challenge. Under the Scheme for Integrated Textiles Parks (SITP) 26 parks have been approved so far out of 30 sanctioned. The Budget provision for these parks has been increased from Rs.189 crore in 2006-07 to Rs.425 crore in 2007-08. In consonance with the industry, the Technology Upgradation Fund (TUF) scheme has been continued during the Eleventh Plan. Allocation for TUF has been raised from Rs.535 crore in 2006-07, to Rs.911 crore in 2007-08.

## **Human Resource Development**

The Indian Government has promoted the training of fashion professionals for the Indian textile sector. On July 13, 2006 the National Institute of Fashion Technology Act, 2006 came into force for establishing and incorporating the National Institute of Fashion Technology for the promotion and development of education and research in fashion technology and for all other matters connected therewith. The National Institute of Fashion Technology (NIFT) which provides training to fashion designers and fashion technologists has seven branches at Delhi, Mumbai, Calcutta, Hyderabad, Bangalore, Chennai and Gandhinagar. The Ministry of Textiles has established a Nodal Centre for Upgradation of Textile Education at the Indian Institute of Technology, Delhi with funding from the Ministry of Textiles. The NIFT and the Apparel Training & Design Centres (ATDCs) are running various courses/programmes to meet the skilled manpower requirements of the textile industry, especially apparel, in the field of design, merchandising and marketing.



## HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated on July 25, 1984 at Mumbai in the State of Maharashtra as Mandhana Textile Mills Private Limited under the Companies Act, 1956, with registration number 11-33553 of 1984.

With effect from July 1, 1993, our Company was converted into a deemed public limited company under Section 43A of the Companies Act, 1956, whereby the word “Private” was deleted from the name of our Company.

On April 18, 1995 the name of our Company was changed from “Mandhana Textile Mills Limited” to “Mandhana Industries Limited”.

On March 27, 2002, pursuant to Section 43A (2A) of the Companies Act, 1956, our Company was converted from a deemed public limited company to a private limited company and our Company’s name was changed to “Mandhana Industries Private Limited”.

On May 15, 2007, our Company was converted into a public limited company whereby the word “Private” was deleted from the name of our Company. Further, a Corporate Identification Number U17120MH1984PLC033553 was allotted to our Company.

The evolution of our Company can be traced through the following phases:

### **I: Expansion into major categories of textiles business**

Though our Company’s operations started in the year 1984 through textile trading, our processing activities commenced in the year 1994, with setting up of a plant at Tarapur for processing and printing of fabrics called as “Mandhana Dyeing Unit”.

In 1998, pursuant to our venture into fabrics processing, we decided to expand our horizons by penetrating the international garments market and thereby began our export operations to the European market. At present, we export garments on a global scale to international garment markets.

With effect from February 10, 1999 the Registered Office of our Company was changed from C-12, Sarvodaya Nagar, 1<sup>st</sup> Panjrapole Road, Mumbai – 400002 to 137, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

Further, in 2002, in order to meet our internal requirements and thereby simultaneously reduce our costs, our Company set up a Weaving House at Tarapur for production of *greige* fabrics, called as “Mandhana Weaving House Unit”.

With effect from May 3, 2003 the Registered Office of our Company was changed from 137, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 to 154/155, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Further, in 2003, we set up a sales office in Delhi so as to facilitate our market expansion into the northern region of India.

### **II: Scaling up of operations to become internationally competitive**

In 2004, in order to meet our global garment demand, we established a modernised garment manufacturing unit called as “Mandhana Industries Export Division (Bangalore Unit)” at Bangalore. The garments manufactured therein cater to our international demand, thereby meeting the specified international criteria of our various international customers. Further, in 2004, we set up a sales office in Chennai so as to facilitate our market expansion into the southern region of India.

In 2005, we set up a new modernised unit called as “Mandhana Weaving House (Shirting Division)” at Tarapur which is engaged in manufacturing various fabrics including cotton, polyester *etc.* as well as engaging in the process of yarn dyeing. Further, with the intention of attaining a global image and strengthening our foothold therein, we set up a *liaison* office at Paris called as “Mandhana Europe”.

On May 11, 2005, the Registered Office of our Company was changed from 154/155, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 to 205/214, Peninsula Centre, Dr. S. S. Rao Road, Off Dr. Ambedkar Road, Parel (East), Mumbai – 400012.

### III: Becoming end to end player in textile and garment market

Our further expansion into processing, weaving and garmenting further enhanced our capacity thereby enabling us to cater to a greater number of customers both domestically and in the export markets. Our focus on quality, designing and sampling inputs and lower turnaround time has made us the vendor of choice for many customers.

Our focus on mid to high-end segments has helped us in maintaining our margins. The current expansion of facilities would complement our presence in the textile and garment value chain starting from yarn dyeing to selling our garments through our overseas offices.

In the year 2008, we commenced our commercial production at three garment manufacturing units set up at Bangalore and we also set up a design studio cum garment sampling house at Sewree, Mumbai.

In the year 2009, we commenced our commercial production at the modernised CDR/CBR Processing Unit set up at Tarapur, Maharashtra.

In September, 2009 Axis Bank Limited subscribed to 21,73,913 equity shares of face value Rs. 10/- each at a premium of Rs. 105/- each of our Company for an amount aggregating to Rs. 2,500 lacs.

On March 10, 2010 the Registered Office of our Company was changed from 205/214, Peninsula Centre, Dr. S. S. Rao Road, Off Dr. Ambedkar Road, Parel (East), Mumbai – 400 012 to Plot Number C-3, MIDC, Tarapur Industrial Area, Boisar, District- Thane-401 506, Maharashtra.

Our manpower strength as on March 31, 2010 is 4,327 people. In the FY ending 2009, we were operating with 183 weaving looms producing approximately 180.00 lac meters of greige fabric per annum and 1,150 sewing machines with an overall production capacity of 36.00 lac garment pieces per annum. Further our processing capacity of finished fabric was 516.00 lac metres per annum and our yarn dyeing capacity is 30.00 lac kgs per annum.

#### Major Events:

Year	Key Events
1984	Our Company was incorporated as a private limited company
1993	Our Company was converted into a deemed public limited company under Section 43A of the Companies Act
1994	Ventured into manufacturing activities by setting up of Mandhana Dyeing Unit at Tarapur.
1995	Change of name of our Company to Mandhana Industries Limited
1998	Exports to the European garments market
2002	Our Company was converted from a deemed public limited company to a private limited company Setting up of Mandhana Weaving House Unit at Tarapur
2003	Setting up of sales office in Delhi
2004	Establishment of Mandhana Industries Export Division (Bangalore Unit) at Bangalore Setting up of sales office in Chennai
2005	Establishment of Mandhana Weaving House (Shirting Division) at Tarapur Setting up of a liaison office at Paris called as Mandhana Europe
2007	Our Company was converted into a public limited company
2008	Commencement of commercial production at three units of the garment manufacturing plant set up at Bangalore. Setting up of design studio cum garment sampling house at Sewree, Mumbai. Structured Investments Limited subscribed to 2,50,000 equity shares of face value Rs. 10/- each at a premium of Rs. 288/- each of our Company for an amount aggregating to Rs. 7,44,92,000.
2009	Commencement of Commercial production at the modernised CDR/CBR Processing Unit set up at Tarapur, Maharashtra. Axis Bank Limited subscribed to 21,73,913 equity shares of face value Rs. 10/- each at a premium of Rs. 105/- each of our Company for an amount aggregating to Rs. 25,00,00,000.



### Awards, Achievements and Certifications:

Year	Particulars
2004	“NIRYAT SHREE” Gold Trophy awarded by the Federation of Indian Export Organisations for outstanding export performance in the category of textiles and textile products
2005	Certificate dated June 29, 2005 issued by Dewhirst Ladies wear approving our Bangalore Unit as a “Manufacturing Site” based on Marks & Spencer Global Sourcing Principals and the Ethical Trading Initiative Base Code
	“NIRYAT SHREE” certificate of excellence awarded by the Federation of Indian Export Organisations for outstanding export performance in the category of textiles and textile products
2006	SA 8000:2001 Certification for Social Accountability Management System for Manufacture and Export of Garments
	ISO 9001:2000 Certification for Quality Management System for Manufacture & Export of Garments
2007	Excellence award for excellence in productivity, quality, innovation and management awarded by the Institute of Economic Studies, Delhi (IES) in the year 2007 at the time of the seminar on Economic Development
	Certificate of Recognition as Two Star Export House
2009	Awarded the International Trade Award for the year 2008-09 by CNBC Awaaz as the outstanding exporter of the year in the textile and apparel segment.
2010	“NIRYAT SHREE” Certificate of Excellence awarded for the year 2008-09, by the Federation of Indian Export Organisations for Textile and textile products including RMG-Non-MSME Category.

### Changes in Registered Office of our Company

Date	Registered Address Changed From	Changed to	Reason for Change
February 10, 1999	C-12, Sarvodaya Nagar, 1 <sup>ST</sup> Panjrapole Road, Mumbai – 400 002	137, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013	Administrative convenience and requirement for a bigger office space to accommodate the growing number of employees
May 3, 2003	137, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013	154/155, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013	Administrative convenience and requirement for a bigger office space to accommodate the growing number of employees
May 11, 2005	154/155, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013	205/214, Peninsula Centre, Dr. S. S. Rao Road, Off Dr. Ambedkar Road, Parel (East), Mumbai – 400 012	Administrative convenience and requirement for a bigger office space to accommodate the growing number of employees
March 10, 2010	205/214, Peninsula Centre, Dr. S. S. Rao Road, Off Dr. Ambedkar Road, Parel (East), Mumbai – 400 012	Plot Number C-3, MIDC, Tarapur Industrial Area, Boisar, District-Thane-401 506, Maharashtra	Administrative convenience and to carry business more efficiently

### Main Objects of our Company

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

To undertake and engage in or to carry on the activity of textile processes like calendaring, sizing, dyeing, bleaching, shrinking, finishing, mercerising, texturing, printing, stamping and other textile processes for yarns, threads, woven or non-woven fabrics, hosiery, knitted garments and apparels, made of cotton, jute, hemp silk, art silk, nylon, wool, synthetic, man-made fibres and filaments like terence, terecot, polyester and others being produced and used at present and as may be produced and used in future.

The Main Objects clause and the Objects incidental or ancillary to the Main Objects of our MoA enable us to undertake activities for which funds are being raised through this Issue. The existing activities of our Company are in accordance with the Objects clause of our Memorandum of Association.

## Changes in Memorandum of Association

Date of Shareholders' Approval	Changes in the Memorandum of Association
September 28, 1993	<b>Alteration in Name Clause</b> Change in the name of our Company from Mandhana Textile Mills Private Limited to Mandhana Textile Mills Limited
October 29, 1993	<b>Alteration in Capital Clause</b> Increase in the authorized share capital of our Company from Rs. 50,00,000/- to Rs. 1,00,00,000/- comprising of further 50,000 Equity Shares
June 20, 1994	<b>Alteration in Capital Clause</b> Increase in the authorized share capital of our Company from Rs. 1,00,00,000/- to Rs. 3,00,00,000/- comprising of further 2,00,000 Equity Shares
January 28, 1995	<b>Alteration in Capital Clause</b> Sub-division of each equity share of nominal value of Rs. 100/- into 10 equity shares of nominal value of Rs. 10/- each
	<b>Alteration in Capital Clause</b> Increase in the authorized share capital of our Company from Rs. 3,00,00,000/- to Rs. 5,00,00,000/- comprising of further 20,00,000 Equity Shares
	<b>Alteration in Name Clause</b> Change in the name of our Company from Mandhana Textile Mills Limited to Mandhana Industries Limited
December 24, 2001	<b>Alteration in Name Clause</b> Change in the name of our Company from Mandhana Industries Limited to Mandhana Industries Private Limited
March 6, 2003	<b>Alteration in Capital Clause</b> Increase in the authorized share capital of our Company from Rs. 5,00,00,000/- to Rs. 5,75,00,000/- comprising of further 7,40,000 Equity Shares and 10,000 0% Redeemable Preference Shares
October 25, 2004	<b>Alteration in Capital Clause</b> Increase in the authorized share capital of our Company from Rs. 5,75,00,000/- to Rs. 10,00,00,000/- comprising of further 42,50,000 Equity Shares
February 18, 2005	<b>Alteration in Capital Clause</b> Increase in the authorized share capital of our Company from Rs. 10,00,00,000/- to Rs. 15,00,00,000/- comprising of further 50,00,000 Equity Shares
April 20, 2007	<b>Alteration in Name Clause</b> Change in the name of our Company from Mandhana Industries Private Limited to Mandhana Industries Limited
July 2, 2007	<b>Alteration in Capital Clause</b> Increase in the authorized share capital of our Company from Rs. 15,00,00,000/- to Rs. 20,00,00,000/- comprising of further 50,00,000 Equity Shares
August 04, 2009	<b>Alteration in Capital Clause</b> Increase in the authorized share capital of our Company from Rs. 20,00,00,000/- to Rs. 40,00,00,000/- comprising of further 2,00,00,000 Equity Shares

### Subsidiaries

Our Company has no subsidiaries as on date.

### Total Number of Shareholders in our Company

As on date our Company has total 174 shareholders.

### Shareholders Agreements

There are no subsisting shareholders agreements among our shareholders in relation to our Company, except as mentioned below.

### **Share Subscription Agreement**

#### **Share Subscription Agreement (the “SSA”) dated February 21, 2008 between our Promoters, and our Company and Structured Investments Limited (“SIL”).**

Our Company and our Promoters entered into a SSA with the SIL dated February 21, 2008 whereby SIL agreed to subscribe to 2,50,000 equity shares of face value Rs. 10/- each at a premium of Rs. 288/- each of our Company for an amount aggregating to Rs. 7,44,92,000.

### **Share Purchase Agreement**

#### **Share Purchase Agreement (the “SPA”) dated February 21, 2008 between Mr. Omprakash Fatehlal Shah (“Vendor”), Structured Investment Limited (“SIL”) and our Company.**

The SPA was entered into between SIL, the Vendor and our Company for the sale of 15,140 equity shares of our Company held by the Vendor to SIL at a total consideration of Rs. 45,11,236/-. Our Company was a confirming party to the SPA.

The same was based on the Fair Value certificate issued by M/s A.H.S & Co. Chartered Accountants dated February 4, 2008, certifying that the Fair Value of the Equity Shares of our Company as per the audited accounts for the period as on 31<sup>st</sup> September, 2007 was Rs. 284.65 per Equity Share calculated in accordance with the guidelines issued by erstwhile Controller of Capital Issues.

### **Shareholders’ Agreement**

#### **Shareholders’ Agreement (the “SHA”) dated February 21, 2008 between Promoters, and our Company and Structured Investments Limited (“Investor”).**

Our Company, Promoters and SIL have entered into the SHA pursuant to SIL’s subscription to 2,50,000 equity shares of face value Rs. 10/- at a premium of Rs. 288/- each of our Company *vide* the SSA mentioned above and purchase of 15,410 equity shares *vide* the SPA mentioned above. As per the SHA:

- Our Company agreed to take all necessary steps to ensure that the equity shares of our Company be listed on the BSE pursuant to an Initial Public offering within a period of 12 months from the closing date that is March 19, 2008.
- In the event our Company proposes to make a fresh issue of securities (other than the issuance of shares in the Initial public offering referred above) SIL shall have the first right to subscribe to such number of securities being offered at the prevailing issue price within 30 days of the proposal being intimated to SIL, in a manner that SIL at all times shall have a shareholding of 2.34% in our Company.
- SIL on a pro rata basis of its shareholding shall have the right to first offer over the Shares of our Promoters which they propose to sell or transfer prior to the listing of the shares of our Company on the BSE. SIL shall have 15 days to accept the offer to purchase all such shares offered *vide* a notice and a further 30 days from the acceptance of the offer to purchase such shares.
- Any sale of shares by any of our Promoters to a third party purchaser shall be subject to a specific undertaking from the third party purchaser that it shall also purchase such number of shares that SIL wishes to sell on the same terms and conditions offered by our Promoters.
- In the event the equity shares of our Company are not listed on the BSE pursuant to an initial public offering within 12 months from the closing date that is March 19, 2008, then SIL shall have the following rights:
  - call upon our Promoters to purchase such number of equity shares that SIL might stipulate, within 24 months from the closing date that is March 19, 2008;
  - require our Company to buy back such number of equity shares that SIL might stipulate, within 24 months from the closing date that is March 19, 2008.
- In the event, our Company/our Promoters fail to buy back SIL equity shares as stipulated above, SIL shall have the right to nominate and appoint 1 director on the board of our Company.

The SHA shall stand terminated on the successful completion of the Initial Public Offering of the Equity Shares of our Company.

**Subject to the above agreement:**

1. SIL vide Letter dated September 23, 2009 exercised its rights to call upon our Promoters to purchase the 5,30,280 equity shares held by them of our Company on or before October 16, 2009 and has agreed to waive the right against our Company to buy back its equity shares, failing which the waived rights of SIL as aforesaid shall stand reinstated.
2. Our Promoters vide their Letter dated September 23 to SIL have undertaken to fulfil their obligation of purchase of 5,30,280 equity shares held by SIL on or before October 16, 2009. They have further agreed that in the event of their failure to fulfil their obligations within the given time, the right of SIL to call upon our Company to buyback its shares under the Shareholders Agreement date February 21, 2008 will stand re instated.
3. SIL vide its Letter dated September 23, 2009 have waived its right to call upon our Company to buy back the 5,30,280 equity shares held by them on the condition that our Promoters fulfil the above obligation on or before October 16, 2009 as undertaken by them vide their letter dated September 23, 2009. Further they also stated that any failure on part of our Promoters to fulfil the above obligation, the waiver will stand nullified and the above right waived by SIL against our Company shall stand reinstated.

Pursuant to the above, our Promoters, namely Mr. Purushottam C. Mandhana and Mr. Manish B. Mandhana on October 16, 2009 purchased 5,30,280 equity shares at purchase price of Rs. 190 per equity share. The said purchase was based on the Fair Value certificate issued by M/s Nilesh Gore & Co. Chartered Accountants, dated September 29, 2009, certifying that the Fair Value of the Equity Shares of our Company as per the audited accounts for the period as on 31<sup>st</sup> March, 2009 and the share holding status as on September 29, 2009 was Rs. 190 per Equity Share and in accordance with the guidelines issued by erstwhile Controller of Capital Issues.

Further to which, SIL issued a letter dated October 20, 2009 addressed to our Promoters and copied to our Company terminating the Shareholders agreement dated February 21, 2008 other than the clauses which either expressly or by their nature survive the termination of the shareholders agreement.

***Letter dated September 23, 2009 for waiver of anti-dilution right under the Shareholders Agreement dated February 21, 2008 between SIL, our Company and our Promoter (“SHA”).***

Structured Investments Limited, vide its letter dated September 23, 2009 to our Promoters and our Company waived its right to subscribe to the issue of 52,500 equity shares of our Company offered to them as per the terms of anti-dilution rights in the SHA, on the preferential allotment of 21,73,913 equity shares to Axis Bank Limited.

***Share Subscription Agreement***

***Share Subscription Agreement (the “SSA”) dated September 14, 2009 between Axis Bank Limited (“Axis Bank”), our Company and Mr. Purushottam Mandhana, Mr. Biharilal Mandhana, Mr. Manish Mandhana, Mr. Priyavarat Mandhana, Purushottam Mandhana (HUF) (“MIL Promoters”).***

- Our Company and our Promoters have entered into a SSA with Axis Bank dated September 14, 2009 whereby Axis Bank has agreed to subscribe to 21,73,913 equity shares of the Company having a face value of Rs. 10/- per share at a premium of Rs. 105/- per share, aggregating to Rs. 2,500.00 lacs, which shall rank pari-passu with the equity shares but not limited to voting rights dividends, accretion on the equity shares etc.
- As per the terms of the SSA our Promoters are required to open the IPO of our Company for subscription on or before March 31, 2010. The terms and conditions of the IPO including the size of the Issue, price of the Equity Shares and related matters shall be as finalised by our Company in consultation with Axis Bank.\*
- If the IPO does not take place within the stipulated period as above, then Axis Bank shall have the right, but not the obligation to sell the equity shares held by it to our Promoters and the promoters shall be under an obligation to buy the said equity shares at such price which shall give an IRR of 12.50% to Axis Bank on its subscription consideration.
- Notwithstanding anything contained hereinabove, the event our promoters are able to find / arrange for a buyer within a period of 15 days from the expiry of the stipulated period, who is ready and willing to purchase the shares from Axis Bank at such price which shall give an IRR of 12.50% to Axis Bank on its subscription consideration, then in that event Axis Bank shall be under an obligation to sell its said equity shares to such buyer.

*\*In terms of Schedule VIII, Part A, clause VII (K) of the SEBI ICDR Regulations, the price band shall be disclosed and justified by the Issuer in consultation with the Book Running Lead Managers, along with the Basis for Issue Price as disclosed on page 61 of this Red Herring Prospectus. Also, in terms of Schedule XI, Part A, clause 13(a) of the SEBI ICDR Regulations the Issuer shall determine the Issue Price in consultation with the BRLMs and based on the bids received through the book building process. Further, independent of the said investment, Axis Bank (acting through its capital market department) has undertaken to discharge its obligations as one of the BRLMs to the Issue in accordance with the ICDR Regulations read with provisions of SEBI (Merchant Bankers) Regulations, 1992.*

### **Supplemental Agreement**

**Supplemental Agreement to Share Subscription Agreement dated September 14, 2009 was entered into between Axis Bank Limited, our Company and Promoters of our Company, dated April 06, 2010.**

The said Agreement is entered into between the parties for amending some of the terms and conditions of the Share Subscription Agreement dated September 14, 2009. The amended clause is as follows:

- The Promoters shall open the IPO of the Company for subscription on or before June 30, 2009 (“IPO Period”). The terms and conditions of such IPO including the size of the issue, price of the Equity Shares and related matters shall be as finalised by the Company in consultation with the Investor.
- Notwithstanding the fact that this agreement is executed on this 06<sup>th</sup> day of April, 2010 mentioned hereinabove, it is agreed by and between the parties that all the terms and conditions and stipulations as contained hereinabove in this agreement shall deemed to have come into force from April 01, 2010 and all the terms and conditions shall apply mutatis mutandis from that date”.

### **Other Agreements**

Save and except as stated under, we are not a party, nor have we entered into, any other material contracts not being a contract:

- (1) entered into in the normal course of business carried on, or intended to be carried on, by us; or
- (2) entered into more than two years before the date of filing this Red Herring Prospectus with RoC.

### **Restrictive Covenants in Loan Agreements**

**Loan Agreements executed by our Company with various lenders contain certain restrictive covenants whereby we require prior written consent from the aforesaid banks, for undertaking certain activities, including but not limited to:**

1. Effecting changes in our Company’s capital structure;
2. Formulating any scheme of amalgamation/re-constitution;
3. Entering into borrowing arrangements, either secured or unsecured, with any other bank, financial institution, company or person;
4. Undertaking guarantee obligations on behalf of any other company, firm or person;
5. Creating any further charge, lien or encumbrance over the assets and properties of the Company, which are charged to the aforesaid banks, in favour of any bank, financial institution, company, firm or person;
6. Selling, assigning, mortgaging or otherwise disposing off any of the fixed assets charged to the banks;
7. Effecting any material change in the composition of Board of Directors, management structure or equity pattern of the Company.

### **Approvals from bankers:**

Pursuant to the aforesaid, we have received the following approvals from our bankers for the Issue:

Sr. No.	Name of bank	Letter date
1.	Andhra Bank	August 22, 2009
2.	Axis Bank Limited	August 24, 2009
3.	Bank of Maharashtra	September 01, 2009
4.	Bank of Baroda	August 26, 2009
5.	Corporation Bank	August 17, 2009
6.	DBS Bank Limited	September 22, 2009
7.	HDFC Bank Limited	August 25, 2009
8.	Indian Bank	September 02, 2009

<b>Sr. No.</b>	<b>Name of bank</b>	<b>Letter date</b>
9.	Punjab National Bank	August 25, 2009
10.	Standard Chartered Bank	August 12, 2009
11.	State Bank of India	August 20, 2009
12.	State Bank of Patiala	August 25, 2009
13.	ICICI Bank Limited	March 27, 2010

**Strategic Partners**

Our Company does not have any strategic partners.

**Financial Partners**

Our Company does not have any financial partners.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

As on date of filing this Red Herring Prospectus with RoC, we have eight Directors on our board. Details of our Directors are given below:

Sr. No.	Name, Designation, Father's/ Husband's Name, Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director & Term	Details of other Directorships
1.	<p><b>Mr. Purushottam Mandhana</b>  <b>Chairman-cum-Managing Director</b>            S/o Mr. Chhaganlal Mandhana</p> <p>23, Mount Unique,            62 – A Peddar Road,            Mumbai – 400 026            Maharashtra.</p> <p><b>Nationality:</b> Indian  <b>Occupation:</b> Industrialist  <b>DIN:</b> 00025633</p>	54 years	<p>Since inception <i>i.e.</i> July 25, 1984</p> <p>Re-appointed as Managing Director for a period of 3 years at the EGM held on March 10, 2010, with effect from April 01, 2010.</p>	<ol style="list-style-type: none"> <li>1. Mahan Synthetics Textiles Private Limited;</li> <li>2. Golden Seam Textiles Private Limited;</li> <li>3. Sundhya Chhaya Finvest Private Limited;</li> <li>4. Dhumketu Finvest Private Limited;</li> <li>5. Tarapur Environment Protection Society (section 25 company – non-profit-poverty alleviation); and</li> <li>6. CKM Investment Private Limited</li> </ol>
2.	<p><b>Mr. Biharilal Mandhana</b>  <b>Executive Director</b>            S/o Mr. Chhaganlal Mandhana</p> <p>31 – Mount Unique,            62 Peddar Road,            Gamdevi, Mumbai – 400 026,            Maharashtra.</p> <p><b>Nationality:</b> Indian  <b>Occupation:</b> Industrialist  <b>DIN:</b> 00025605</p>	64 years	<p>Since inception <i>i.e.</i> July 25, 1984</p> <p>Re-appointed as a whole time director for a period of three years at the EGM held on March 10, 2010, with effect from April 01, 2010.</p>	<ol style="list-style-type: none"> <li>1. Mahan Synthetics Textiles Private Limited; and</li> <li>2. Sundhya Chhaya Finvest Private Limited.</li> </ol>
3.	<p><b>Mr. Manish Mandhana</b>  <b>Executive Joint Managing Director</b>            S/o Mr. Biharilal Mandhana</p> <p>22/23, Mount Unique,            62-A Peddar Road,            Mumbai – 400 026,            Maharashtra.</p> <p><b>Nationality:</b> Indian  <b>Occupation:</b> Industrialist  <b>DIN:</b> 00025449</p>	41 Years	<p>September 30, 1995</p> <p>Re-appointed as the joint managing director for a period of three years at the EGM held on March 10, 2010, with effect from April 01, 2010.</p>	<ol style="list-style-type: none"> <li>1. Nutech Global Limited;</li> <li>2. Golden Seam Textiles Private Limited; and</li> <li>3. Dhumketu Finvest Private Limited.</li> </ol>



Sr. No.	Name, Designation, Father's/ Husband's Name, Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director & Term	Details of other Directorships
4.	<p><b>Mr. Ghyanendra Nath Bajpai</b> <b>Independent Director</b> S/o. Bans Gopal Bajpai</p> <p>131, Shaan Apartment, K. D. Marg, Prabhadevi, Mumbai – 400 028</p> <p><b>Nationality:</b> Indian <b>Occupation:</b> Professional <b>DIN:</b> 00946138</p>	67 years	<p>May 16, 2007</p> <p>Appointed Non-Executive and Independent Director liable to retire by rotation.</p>	<ol style="list-style-type: none"> <li>1. Future Generali India Life Insurance Company Limited;</li> <li>2. Future Generali India Insurance Company Limited;</li> <li>3. Emaar MGF Land Limited;</li> <li>4. The Dhanalakshmi Bank Limited;</li> <li>5. Future Capital Holdings Limited;</li> <li>6. Kshitij Investment Advisory Company Limited;</li> <li>7. Future Capital Investment Advisors Limited;</li> <li>8. Kingfisher Airlines Limited;</li> <li>9. Future Ventures India Limited;</li> <li>10. Intuit Consulting Private Limited;</li> <li>11. Invent Asset Securitisation and Reconstruction Company Private Limited;</li> <li>12. Invent ARC Private Limited;</li> <li>13. Infomerics Valuation and Rating Private Limited;</li> <li>14. Apnapaisa Private Limited;</li> <li>15. IDE India (section 25 company – non-profit-poverty alleviation);</li> <li>16. Nitesh Estates Limited;</li> <li>17. Dalmia Cement (Bharat) Limited;</li> <li>18. New Horizons India Limited;</li> <li>19. PNB Housing Finance Limited; and</li> <li>20. Usha Martin Limited.</li> </ol>
5.	<p><b>Mr. Sanjay Asher#</b> <b>Non Executive Director</b> S/o Khatau Asher</p> <p>32, Mody Street, Fort, Mumbai – 400 001</p> <p><b>Nationality:</b> Indian <b>Occupation:</b> Professional <b>DIN:</b> 00008221</p>	45 years	<p>May 16, 2007</p> <p>Appointed Non-Executive Director liable to retire by rotation.</p>	<ol style="list-style-type: none"> <li>1. A.L. Movers Private Limited;</li> <li>2. A.L. Records Management Private Limited;</li> <li>3. Allied Pickfords India Private Limited;</li> <li>4. Bajaj Allianz General Insurance Company Limited;</li> <li>5. Bajaj Allianz Life Insurance Company Limited;</li> <li>6. Dewas Soya Limited;</li> <li>7. Diamant Boart Marketing Private Limited;</li> <li>8. Divinet Access Technologies Limited;</li> <li>9. Finolib Chemicals Private Limited;</li> <li>10. Finolex Cables Limited;</li> <li>11. Finolex Infrastructure Limited;</li> <li>12. Finolex Plasson Industries Limited</li> <li>13. ArjoHuntleigh Healthcare India Private Limited;</li> <li>14. I2IT Private Limited;</li> <li>15. Kryfs Power Components Limited;</li> <li>16. Majesty Investments Private Limited;</li> <li>17. Morgan Stanley Investment Management Private Limited;</li> <li>18. Mepha Pharma India Private Limited;</li> </ol>



Sr. No.	Name, Designation, Father's/ Husband's Name, Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director & Term	Details of other Directorships
				19. NV Advisory Services Private Limited; 20. Orbit Electricals Private Limited; 21. Oerlikon Textile Components India private Limited; 22. Peass Industrial Engineers Limited 23. Ratiopharm India Private Limited; 24. Repro India Limited; 25. Schlafhorst Engineering (India) Limited; 26. Sharp India Limited; 27. Sparsh BPO Services Limited; 28. Shree Renuka Sugars Limited; 29. Siporex India Private Limited; 30. Sudarshan Chemicals Industries Limited; 31. ValueQb Consulting Private Limited; 32. Zinser Textile Systems Private Limited
6.	<b>Mr. Khurshed Thanawalla</b> <b>Independent Director</b> S/o. Meherwanji Thanawalla  Katau Bungalow, 6 Manav Mandir Road, Mumbai – 400 006  <b>Nationality:</b> Indian <b>Occupation:</b> Professional <b>DIN:</b> 00201749	67 years	December 04, 2007  Appointed Non-Executive and Independent Director liable to retire by rotation.	1. Schlafhorst Engineering (India) Limited; 2. Stovec Industries Limited; 3. Varun Shipping Company Limited; 4. Bimag Machines Private Limited 5. Oerlikon Textile India Private Limited 6. Oerlikon Textile Components India Private Limited 7. Zinser Textile Systems Private Limited 8. Allma Machines Private Limited 9. Volkmann Machines Private Limited 10. Neumag Machines Private Limited; 11. Barmag Machines Private Limited; 12. Indo Fill Elastomer Private Limited; and 13. Peass Industrial Engineers Limited; 14. Ahura Holdings Private Limited; 15. Giribala Properties Private Limited; 16. Master Voss International Projects Private Limited; and 17. Schalfhorst Machines Private Limited.
7.	<b>Mr. Ernst Robin Cornelius</b> <b>Independent Director</b> S/o. Sven-Erik Cornelius  Occupation: Professional Chemin De La Flore, Lutry - 1095  <b>Nationality:</b> CH (Switzerland) <b>DIN:</b> 01668404	53 years	July 25, 2007  Appointed Non-Executive and Independent Director liable to retire by rotation.	1. Switcher Holding S.A.; 2. Switcher S.A.; 3. Switcher GmbH; 4. Labell S.A; and 5. Product DNA S.A.
8.	<b>Mr. Ajay Joshi</b> <b>Independent Director</b> S/o Jamuna Joshi  A3 Flat 204, Oxford Village Classic, Wanowrie,	52 years	June 6, 2008  Appointed Non-Executive and Independent Director liable to retire by rotation.	1. ValueQb Consulting Private Limited.

Sr. No.	Name, Designation, Father's/ Husband's Name, Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director & Term	Details of other Directorships
	Pune – 411 040  <b>Nationality:</b> Indian <b>Occupation:</b> Professional <b>DIN:</b> 00002301			

# Mr. Sanjay Asher was an independent director on the Board of Directors of the following companies, names of which appear in the Reserve Bank of India's list of wilful defaulters on the website [www.cibil.com](http://www.cibil.com)

1. Duck Tarpaulins Limited from the period July 4, 1994 to July 1, 1998. Duck Tarpaulins Limited appears on the Reserve Bank of India's list of wilful defaulters for the period January 1, 2002 to March 31, 2002 for default in payments of Rs. 286.00 lacs to ICICI Bank Limited. Mr. Asher resigned as director of Duck Tarpaulins Limited with effect from July 1, 1998 and that now he is in no manner connected or dealing with Duck Tarpaulins Limited since then.

2. Asian Electronics Limited from the period December 23, 2006 to November 05, 2008. Asian Electronics Limited appears on the Reserve Bank of India's list of wilful defaulters for the period March 31, 2008 to December 31, 2009 for default in payments of Rs. 247.00 lacs to Global Trade Finance Limited. Mr. Asher resigned as director of Asian Electronics Limited with effect from November 05, 2008 and that now he is in no manner connected or dealing with Asian Electronics Limited since then.

## BRIEF BIOGRAPHY OF OUR DIRECTORS

### Mr. Purushottam Mandhana, Chairman-cum-Managing Director

Mr. Purushottam Mandhana holds a Bachelors Degree in Commerce from the University of Rajasthan and has over 29 years of experience in the textile industry. He is well versed with different textile technologies like dyeing and processing. He has successfully set up the weaving unit and has also played a pivotal role in the modernisation of process unit. Under his administrative supervision, our Company's export division has performed consistently. He currently oversees the overall management of all the divisions of our Company.

### Mr. Biharilal Mandhana, Executive Director

Mr. Biharilal Mandhana holds a Bachelors Degree in Commerce from the University of Rajasthan and has over 35 years of experience in the textile business. His experience in the industry serves our Company in a big way. He has successfully introduced various varieties of fabric for our Company and has thus, ensured a good market position for our Company. He currently, oversees the raw material requirements of our Company and is also in charge of the fabric division of our Company.

### Mr. Manish Mandhana, Executive Joint Managing Director

Mr. Manish Mandhana holds a Bachelor's Degree in Commerce from Mumbai University and has over 15 years of experience in the textile industry. He is in overall charge of the export activities of our Company. His marketing and administrative abilities have helped our Company's export division grow rapidly. He is in sync with the latest trends in the export market and understands the taste of the foreign fashion industry. He currently oversees export of garments.

### Mr. Sanjay Asher, Non Executive Director

Mr. Sanjay Asher completed his Bachelors in Commerce and Bachelors of Law from Mumbai University. He is also a qualified Chartered Accountant. He has been a practicing Advocate since 1989 with M/s. Crawford Bayley & Co. He was admitted as a Solicitor in the year 1993 and is a partner of M/s. Crawford Bayley & Co., since 2000.

### Mr. Ghyanendra Nath Bajpai, Independent Director

Mr. Ghyanendra Nath Bajpai holds a Master's degree in Commerce from University of Agra and a Degree in L.L.B. from the University of Indore. He has been the Chairman of Securities Exchange Board of India and also the Chairman of the Life Insurance Corporation of India. He has also been the Chairman of Corporate Governance Task Force of International Organization of Security



Commissions and the former Chairman of Insurance Institute India. Currently, he is on the Board of Advisors of Indian Army Group Insurance Fund and also on the Governing Board of National Insurance Academy (University).

**Mr. Khurshed Thanawalla, Independent Director**

Mr. Khurshed Thanawalla holds a Bachelors degree in Commerce from University of Bombay. He is a Fellow of the Institute of Chartered Secretaries and Administrators of London and is also a Fellow of the British Institute of Management and an Associate of the Textile Institute, UK. He was responsible for setting up and managing Textile ventures in Kenya and Indonesia between 1965 and 1984. He was the Managing Director of Barmag India Private Limited which in 2004 and was renamed as Saurer India Private Limited and then in 2007 was renamed as Oerlikon Textile India Private Limited on Saurer having been taken over by OC Oerlikon Corporation AG. He is currently the Managing Director of Oerlikon Textile India Private Limited and is also the Country President-India for the Oerlikon Group.

**Mr. Ernst Robin Cornelius, Independent Director**

Mr. Ernst Robin Cornelius is a graduate from University of Lausanne, Switzerland. He is the founder promoter and CEO of Switcher SA. Mr. Cornelius has been awarded “International Corporate Conscience Award 2003 by SAI (Social Accountability International) New York. In 2004, he created Switcher Foundation running social projects all over the world including seven primary Educational Centers in Tamilnadu. He was also awarded with Swiss Entrepreneur of the Year 2005 Award organized by Ernst & Young in services category. In 2006, he was nominated for the Swiss Award for “personality of the year”.

**Mr. Ajay Joshi, Independent Director**

Mr. Ajay Joshi holds a Bachelors degree of Economics from University of Delhi. He holds a fellowship of the institute of Institute of Cost and Works Accountants of India. He was the senior manager of the finance department at ISMT Limited. Later on he joined Alfa Laval India Limited as the Chief Financial Officer and then was appointed on the Board of Directors from February 2000 to October 2007. Mr. Ajay Joshi has recently promoted ValueQb Consulting Private Limited to provide consulting services on Finance, Risk and Business Process.

**Borrowing powers of Board of Directors**

Pursuant to an ordinary resolution passed at the EGM of our shareholders held on July 2, 2007 our Directors were authorised to borrow money(s) on behalf of our Company in excess of the paid up share capital and the free reserves of our Company from time to time, pursuant to the provisions of Section 293(1) (d) of the Companies Act, subject to an amount not exceeding Rs. 7,500 million.

For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the section titled ‘Main Provisions of the Articles of Association of our Company’ beginning on page no. 288 of this Red Herring Prospectus.

**Remuneration/Compensation of Directors**

**(i) Executive Directors**

**Mr. Purushottam Mandhana, Chairman-cum-Managing Director** was one of the subscribers to the Memorandum of Association of our Company and has been appointed on the Board of Directors of our Company as per the Articles of Association. He was re-appointed as the Managing Director of our Company *vide* Board Resolution dated September 9, 2003 for a period of 5 years, with effect from April 01, 2003 to April 01, 2008 and pursuant to the conversion of our Company into a public limited company he was re-appointed as the Chairman-cum-Managing Director of our Company *vide* a special resolution passed at the EGM held on July 02, 2007 for a term of 3 years with effect from April 01, 2007. He was re-appointed as the Chairman and Managing Director of the Company *vide* a special resolution passed at the EGM held on March 10, 2010 for a term 3 years with effect from April 01, 2010. The significant terms of his employment *vide* resolution passed at the EGM held on March 10, 2010 and agreement dated April 1, 2010 entered into between Mr. Purushottam Mandhana and our Company are as follows:

<b>Tenure of Appointment</b>	Period of 3 years with effect from April 01, 2010.
<b>Basic Salary</b>	Rs. 12,00,000/- per month with such increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time, but subject to the maximum salary of Rs. 16,00,000/- per month.
<b>Commission</b>	Payment of commission of such amount for each corporate financial year as may be decided by the

	board of Directors (Which includes any committee thereof) in its absolute discretion provided that aggregate commission paid to all the Managing Directors in any corporate financial year shall not exceed 1% of the net profit of our Company as appearing in the audited annual accounts.
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>• <b>Medical Benefits:</b> Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for himself and family.</li> <li>• <b>Leave Travel Concession:</b> Reimbursement of Leave/Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the conditions that total reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two year.</li> <li>• <b>Club Fees:</b> Reimbursement of membership fee upto three clubs in India including admission and life membership fees.</li> <li>• <b>Personal Accident Insurance</b> Personal Accident Insurance Policy of such amount as may be decided by the Managing Director, the premium of which shall not exceed Rs. 15,000/- per annum.</li> <li>• <b>Contribution to Provident Fund, Superannuation and Annuity Fund</b> Company's contribution to Provident Fund and Superannuation or Annuity Fund not exceeding 30% of salary in aggregate.</li> <li>• <b>Gratuity</b> Gratuity at the rate of half month's salary for each completed year of service.</li> <li>• <b>Leave</b> Leave with full pay or encashment thereof as per the Rules of the Company.</li> <li>• <b>Electricity Expenses</b> Expenses pertaining to electricity at the residence of Mr. Purushottam Mandhana will be borne / reimbursed by the Company.</li> <li>• <b>Other perquisites</b> Subject to overall ceiling on remuneration mentioned hereinabove, Mr. Purushottam Mandhana may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide and allowed under the provisions of the law.</li> </ul>
<b>Amenities</b>	<ul style="list-style-type: none"> <li>• <b>Conveyance facilities</b> Company shall provide suitable conveyance facilities as may be required by Mr. Purushottam Mandhana and approved by the Board of Directors.</li> <li>• <b>Communication facilities</b> Company shall provide telephone, telefax and other communication facilities at the residence of Mr. Purushottam Mandhana.</li> </ul> <p><b>Explanation :</b></p> <p>Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.</p>

**Mr. Biharilal Mandhana, Whole Time Director** was one of the subscribers to the Memorandum of Association of our Company and has been appointed on the Board of Directors of our Company as per the Articles of Association. Pursuant to the conversion of our Company into a public limited company he was re-appointed as the Whole Time Director of our Company *vide* a special resolution

passed at the EGM held on July 02, 2007 for a term of 3 years with effect from April 01, 2007. He was re-appointed as the Executive Director of the Company *vide* a special resolution passed at the EGM held on March 10, 2010 for a term 3 years with effect from April 01, 2010. The significant terms of his employment *vide* resolution passed at the EGM held on March 10, 2010 and agreement dated April 01, 2010 entered into between Mr. Biharilal Mandhana and our Company are as follows:

<b>Tenure of Appointment</b>	For a period of 3 (three) years with effect from April 01, 2010
<b>Basic Salary:</b>	Rs. 3,00,000/- per month with such increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time, but subject to the maximum salary of Rs. 4,50,000/- per month.
<b>Commission</b>	Payment of commission of such amount for each Corporate Financial Year, as may be decided by the Board of Directors (which includes any committee thereof) in its absolute discretion provided that aggregate commission paid to all the Whole Time Director in any Corporate Financial Year shall not exceed 1% of the net profits of the Company as appearing in the Audited Annual Accounts.
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>• <b>Medical Benefits:</b> Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for himself and family.</li> <li>• <b>Leave Travel Concession:</b> Reimbursement of Leave/Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the conditions that total reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two year.</li> <li>• <b>Club Fees:</b> Reimbursement of membership fee upto three clubs in India including admission and life membership fees.</li> <li>• <b>Provident fund, superannuation benefits and gratuity:</b> Company's contribution to Provident Fund and Superannuation or Annuity Fund not exceeding 30% of salary in aggregate.</li> <li>• <b>Personal Accident Insurance</b> Personal Accident Insurance Policy of such amount as may be decided by the Whole Time Director, the premium of which shall not exceed Rs. 15,000/- per annum.</li> <li>• <b>Gratuity</b> Gratuity at the rate of half month's salary for each completed year of service.</li> <li>• <b>Leave</b> Leave with full pay or encashment thereof as per the Rules of the Company.</li> <li>• <b>Electricity Expenses</b> Expenses pertaining to electricity at the residence of Mr. Biharilal Mandhana will be borne / reimbursed by the Company.</li> <li>• <b>Other perquisites</b> Subject to overall ceiling on remuneration mentioned here in below, Mr. Biharilal Mandhana may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide and allowed under the provisions of the law.</li> </ul>
<b>Amenities</b>	<ul style="list-style-type: none"> <li>• <b>Conveyance facilities</b> Company shall provide suitable conveyance facilities as may be required by Mr. Biharilal Mandhana and approved by the Board of Directors.</li> <li>• <b>Communication facilities</b> Company shall provide telephone, telefax and other communication facilities at the residence of Mr. Biharilal Mandhana.</li> </ul> <p><b>Explanation :</b></p>

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

**Mr. Manish Mandhana, Joint Managing Director**, was appointed on the Board of Directors of our Company pursuant to a Board Resolution dated September 30, 1995. Pursuant to the conversion of our Company into a public limited company he was re-appointed as the Joint Managing Director of our Company *vide* a special resolution passed at the EGM held on July 02, 2007 for a term of 3 years with effect from April 01, 2007. He was re-appointed as the Joint Managing Director of the Company *vide* a special resolution passed at the EGM held on March 10, 2010 for a term 3 years with effect from April 01, 2010. The significant terms of his employment *vide* resolution passed at the EGM held on March 10, 2010 and agreement dated April 01, 2010 entered into between Mr. Manish Mandhana and our Company are as follows:

<b>Tenure of Appointment</b>	For a period of 3 (three) years with effect from April 01, 2010
<b>Basic Salary:</b>	Rs. 9,00,000/- per month with such increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time, but subject to the maximum salary of Rs. 11,50,000/- per month.
<b>Commission</b>	Payment of commission of such amount for each Corporate Financial Year, as may be decided by the Board of Directors (which includes any committee thereof) in its absolute discretion provided that aggregate commission paid to all the Whole Time Director in any Corporate Financial Year shall not exceed 1% of the net profits of the Company as appearing in the Audited Annual Accounts.
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>• <b>Medical Benefits:</b> Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for himself and family.</li> <li>• <b>Leave Travel Concession:</b> Reimbursement of Leave/Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the conditions that total reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two year.</li> <li>• <b>Club Fees:</b> Reimbursement of membership fee upto three clubs in India including admission and life membership fees.</li> <li>• <b>Provident fund, superannuation benefits and gratuity:</b> Company's contribution to Provident Fund and Superannuation or Annuity Fund not exceeding 30% of salary in aggregate.</li> <li>• <b>Personal Accident Insurance</b> Personal Accident Insurance Policy of such amount as may be decided by the Whole Time Director, the premium of which shall not exceed Rs. 15,000/- per annum.</li> <li>• <b>Gratuity</b> Gratuity at the rate of half month's salary for each completed year of service.</li> <li>• <b>Leave</b> Leave with full pay or encashment thereof as per the Rules of the Company.</li> <li>• <b>Electricity Expenses</b> Expenses pertaining to electricity at the residence of Mr. Manish Mandhana will be borne / reimbursed by the Company.</li> <li>• <b>Other perquisites</b> Subject to overall ceiling on remuneration mentioned here in below, Mr. Manish Mandhana may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide and allowed under the provisions of the law.</li> </ul>
<b>Amenities</b>	<ul style="list-style-type: none"> <li>• <b>Conveyance facilities</b></li> </ul>



	<p>Company shall provide suitable conveyance facilities as may be required by Mr. Manish Mandhana and approved by the Board of Directors.</p> <ul style="list-style-type: none"> <li>• <b>Communication facilities</b> Company shall provide telephone, telefax and other communication facilities at the residence of Mr. Manish Mandhana.</li> </ul> <p><b>Explanation :</b></p> <p>Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.</p>
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(ii) **Independent Directors:** Our Independent Directors are entitled to sitting fees for attending meetings of the Board, or of any committee of the Board. Currently, the sitting fees payable by our Company to our Directors is Rs. 20,000/- for every meeting of the Board attended by them and Rs. 10,000/- for every meeting of the committee of the Board attended by them.

### SHAREHOLDING OF OUR DIRECTORS

As per our Articles, our Directors are not required to hold any Equity Shares in our Company. Save and except as below, our Directors do not hold any Equity Shares in our Company as on the date of filing of this Red Herring Prospectus.

Sr. No.	Name of the Directors	Number of Equity Shares	% of pre issue equity share capital
1.	Mr. Purushottam Mandhana	20,26,140	8.16
2.	Mr. Biharilal Mandhana	16,82,000	6.78
3.	Mr. Manish Mandhana	21,49,140	8.66
4.	Mr. Ghyanendra Nath Bajpai	20,000	0.08
5.	Mr. Sanjay Asher	40,000	0.16

None of our Directors or Key Managerial Personnel are “relatives” within the meaning of Section 6 of the Companies Act except as stated below:

Names of our Directors	Relation
Mr. Purushottam Mandhana	Brother of Mr. Biharilal Mandhana
Mr. Biharilal Mandhana	Brother of Mr. Purushottam Mandhana; and father of Mr. Manish Mandhana
Mr. Manish Mandhana	Son of Mr. Biharilal Mandhana

*Note: Although Mr. Purushottam Mandhana and Mr. Manish Mandhana are not relatives in terms of Section 6 of the Companies Act. Mr. Manish Mandhana is the nephew of Mr. Purushottam Mandhana.*

None of our Directors are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers.

### Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of remuneration payable to them for their services as executive directors of our Company and reimbursement of expenses payable to them under our Articles of Association. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, Mr. Sanjay Asher, a Non Executive Director of our Company, does not have any material pecuniary relationships or transactions with our Company, our Promoters, our Directors, our senior management or any associates save and as to the extent of the fees payable to M/s. Crawford Bayley & Co. as legal advisors to our Company and to this Issue..

Further, save and except as stated otherwise on page no. 94 under the heading titled ‘Properties’ in the chapter titled ‘Business Overview’ beginning on page no. 78 of this Red Herring Prospectus, page no. 145 under the headings titled ‘Shareholding of our Directors’ and ‘Interest of Directors’ in the chapter titled ‘Our Management’ beginning on page no. 137 of this Red Herring Prospectus, in the chapter titled ‘Related Party Transactions’ beginning on page no. 165 of this Red Herring Prospectus and page no. 190 under the Annexure XVI titled ‘Statement of Related Party Transaction’ in the chapter titled ‘Financial Information’ beginning on page no. 167 of this Red Herring Prospectus, and on page no. 157 under the heading titled “Interest of Promoters” in the chapter titled “Our Promoters and their Background” beginning on page no. 155 of this Red Herring Prospectus, our Directors do not have any other interests in our Company as on the date of filing of this Red Herring Prospectus with RoC.

Our Directors are not interested in the appointment of or acting as Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

### Changes in our Board of Directors during the last three years

The following are the changes in our Board of Directors during the last three years:

Name and Designation of the Director	Date of Appointment	Date of Resignation	Reasons
Mr. Ghyanendra Nath Bajpai	May 16, 2007	-	Appointment
Mr. Sanjay Asher	May 16, 2007	-	Appointment
Mr. Ashok Kacker	May 16, 2007	-	Appointment
Mr. Ernst Robin Cornelius	July 25, 2007	-	Appointment
Mr. Ashok Kacker	-	December 04, 2007	Resignation*
Mr. Khurshed Thanawalla	December 04, 2007	-	Appointment
Mr. Ajay Joshi	June 6, 2008	-	Appointment

\* As per resignation letter dated November 19, 2007, Mr. Ashok Kacker resigned from the directorship of our Company, due to his pre – occupation.

### Corporate Governance

The provisions of the Listing Agreement / SEBI (ICDR) Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of our Company’s Equity Shares on the Stock Exchanges. We are in compliance with these provisions relating to setting up necessary committees. We have constituted the following committees of our Board of Directors in pursuance hereof.

#### Audit Committee

The Audit Committee was re - constituted *vide* Board Resolution dated June 6, 2008. The terms of reference of the Audit Committee cover the matters specified under Section 292A of the Companies Act and clause 49 of the Listing Agreement. The Audit Committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Khurshed Thanawalla	Chairman	Independent Director
Mr. Ghyanendra Nath Bajpai	Member	Independent Director
Mr. Sanjay Asher	Member	Non Executive Director
Mr. Ajay Joshi	Member	Independent Director
Mr. Purushottam Mandhana	Member	Executive Director

#### Powers of the Audit Committee

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



### Role of the Audit Committee

- 1) Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Appointment, removal and terms of remuneration of internal auditors
- 5) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to the financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report.
- 6) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- 7) Monitoring the use of the proceeds of the proposed initial public offering of our Company.
- 8) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 9) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- 10) Discussions with internal auditors on any significant findings and follow up thereon.
- 11) Reviewing internal audit reports and adequacy of the internal control systems.
- 12) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 13) Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors
- 14) Discussion with internal auditors any significant findings and follow up there on.
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- 18) To review the functioning of the whistle blower mechanism, when the same is adopted by our Company and is existing.
- 19) Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

### IPO Committee

The IPO Committee was constituted *vide* Board Resolution dated August 06, 2007 to oversee and inform the Audit Committee when money is raised through prospectus or rights or preferential issues and shall inform of funds received, utilized, pending for project implementation *etc.* for the information of the Stock Exchanges and Investors and shall keep the information up dated through our Company's website. The composition of the IPO Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Purushottam Mandhana	Chairman	Executive Director
Mr. Biharilal Mandhana	Member	Executive Director
Mr. Manish Mandhana	Member	Executive Director

The terms of reference of the IPO Committee of our Company includes:

- 1) to decide on the actual size of the Issue, including any reservation shareholders of promoting companies or shareholders of group companies and/or any other reservations or firm allotments as may be permitted, timing, pricing and all the terms and conditions of the Issue of the shares, including the price, and to accept any amendments, modifications, variations or alterations thereto;

- 2) to appoint and enter into arrangements with the Book Running Lead Manager, Co-Managers to the Issue, Underwriters to the Issue, Syndicate Members to the Issue, Advisors to the Issue, Stabilizing Agent, Brokers to the Issue, Escrow Collection Bankers to the Issue, Registrars, Legal Advisors to the Issue, Legal Advisors to our Company, Legal Advisors as to Indian and overseas jurisdictions, advertising and/or promotion or public relations agencies and any other agencies or persons;
- 3) to finalize and settle and to execute and deliver or arrange the delivery of the offering documents (the Draft Red Herring Prospectus, the Red Herring Prospectus, Final Prospectus (including the draft international wrap and final international wrap, if required, for marketing of the Issue in jurisdictions outside India), syndicate agreement, underwriting agreement, escrow agreement, stabilization agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the Issue of shares or the Issue by our Company;
- 4) to open one or more separate current account(s) in such name and style as may be decided, with a scheduled bank to receive applications along with application monies in respect of the Issue of the shares of our Company;
- 5) to open one or more bank account of our Company such name and style as may be decided for the handling of refunds for the Issue;
- 6) to make any applications to the RBI, FIPB and such other authorities, as may be required, for the purpose of Issue of shares by our Company to non-resident investors including but not limited to NRIs, FIIs, FVCI's and other non-residents;
- 7) to make applications for listing of the equity shares of our Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
- 8) to settle all questions, difficulties or doubts that may arise in regard to the Issue or allotment of shares as it may, in its absolute discretion deem fit; and
- 9) to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the shares as permissible in law, issue of share certificates in accordance with the relevant rules.

#### Remuneration / Compensation Committee

The Remuneration / Compensation Committee was re - constituted *vide* Board Resolution dated June 6, 2008. The composition of the Remuneration / Compensation Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Ghyanendra Nath Bajpai	Chairman	Independent Director
Mr. Khurshed Thanawalla	Member	Independent Director
Mr. Ajay Joshi	Member	Independent Director
Mr. Sanjay Asher	Member	Non Executive Director

The terms of reference of the Remuneration / Compensation Committee of our Company include:

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

#### Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee

The Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee was re-constituted *vide* Board Resolution dated February 24, 2009. The composition of the Share Transfer Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Khurshed Thanawalla	Chairman	Independent Director
Mr. Ajay Joshi	Member	Independent Director
Mr. Manish Mandhana	Member	Executive Director

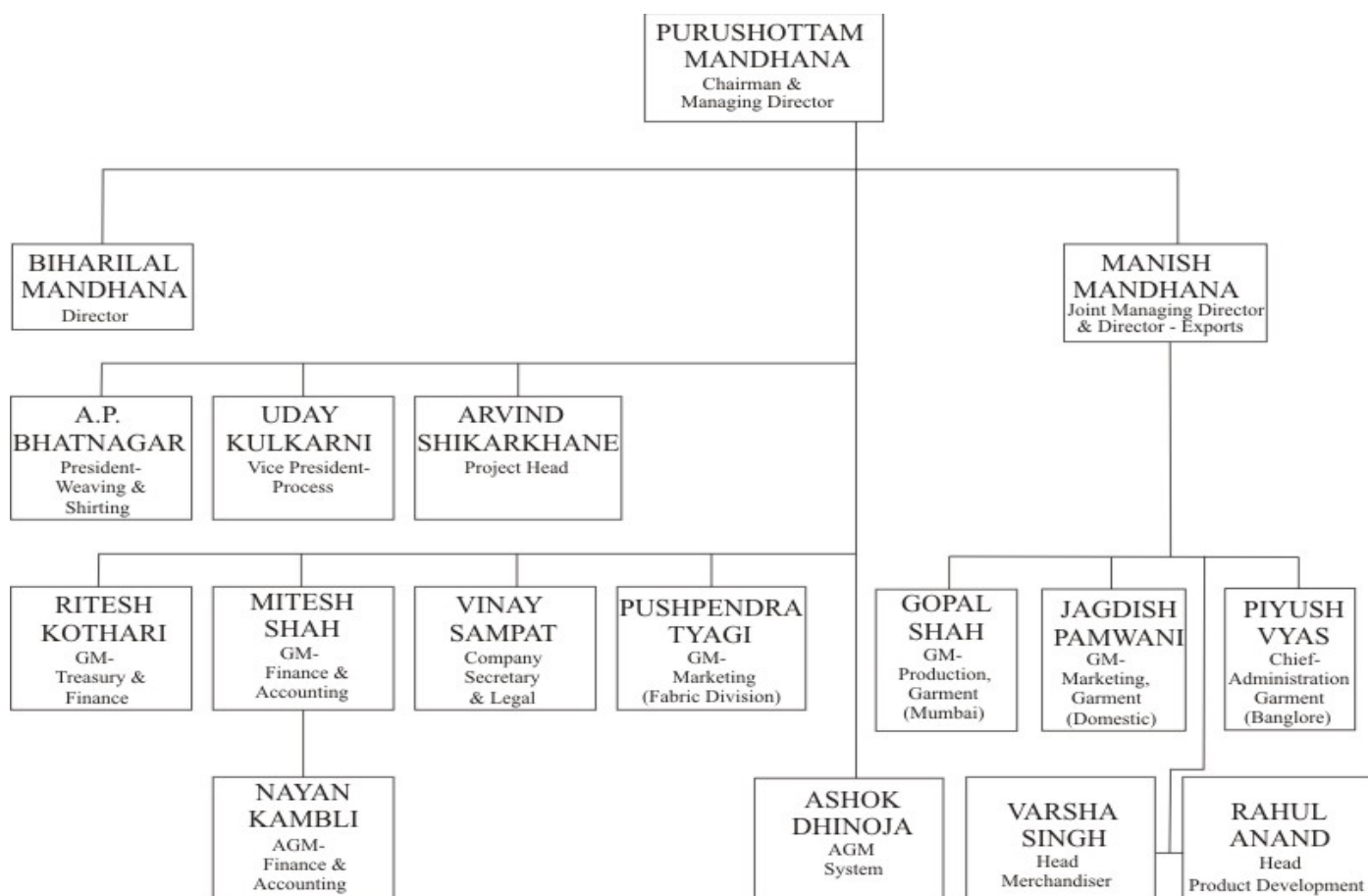
The Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee was constituted specifically to look into the redressal of shareholders and investors' complaints like:

- 1) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- 2) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends *etc.*;
- 3) Issue of duplicate / split / consolidated share certificates;
- 4) Allotment and listing of shares;
- 5) Review of cases for refusal of transfer / transmission of shares and debentures;
- 6) Reference to statutory and regulatory authorities regarding investor grievances; and
- 7) Ensure proper and timely attendance and redressal of investor queries and grievances.

#### Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges. NSE and BSE, Mr. Vinay Sampat, Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

#### MANAGEMENT ORGANISATION STRUCTURE



## OUR KEY MANAGERIAL PERSONNEL

### Our key managerial personnel other than our Executive Directors are as follows:

In addition to our whole-time Directors, the following are our key managerial employees. All of our key managerial employees are permanent employees of our Company. None of the above mentioned key managerial personnel are related to each other or are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers. The details under this section are as on date of filing of this Red Herring Prospectus.

### Key Managerial Personnel of our Company

#### 1. Mr. Ajay Bhatnagar – President (Weaving and Shirting Division)

Mr. Ajay Bhatnagar, age 54, is a graduate in Business Management from Bhopal University. Before joining our Company, he has been associated with Telco Bombay as a management trainee. Thereafter, he joined Garware Paints as regional head and subsequently, Shalimar Paints as a Branch Manager where his key areas of focus were industrial and marine coatings besides decorative paints. Further, he joined ACC Cements as Marketing Head for central region and later on joined Bharat Zinc Ltd. as a General Manager – (Project Head). He was also a part of the project ‘Swill’ on nonferrous Metal Copper at Baruch near Ankleshwar, Gujarat handled by Khaitan Group. Thereafter, he joined the textile division of Bhaskar Industries and was incharge of the entire marketing, production planning and procurement of yarn for the company. He has of over 29 years of experience in marketing and production. He joined our Company on May 1, 2002 as a General Manager (Weaving). Currently he is President (Weaving and Shirting Division) handling our Company’s yarn dyeing and weaving units at Tarapur. He also manages a team of highly qualified and experienced professional under the supervision of the Board of Directors of our Company. His remuneration is Rs. 30.40 lacs per annum.

#### 2. Mr. Uday Kulkarni – Vice President (Processing)

Mr. Uday Kulkarni, age 55, is a Science graduate major in Chemistry from Mumbai University. He joined our Company on April 1, 1997 as Manager (Process) in our Fabric Processing Department. He has been with our Company for over 12 years, before joining us he was associated with New Vinod Textile Processing, at Mumbai as the Finishing Supervisor. Currently, he holds the post of Vice President (Processing) and is responsible for managing processing of yarn to fabric, both natural and man made fibres and working of the several imported and indigenous machines to establish a state of the art processing and finishing unit. His remuneration is Rs. 19.2 lacs per annum.

#### 3. Mr. Mitesh Shah –General Manager (Finance & Accounts)

Mr. Mitesh Shah, age 29, is a fellow member of the Institute of Chartered Accountants of India and also holds a degree in Information System Audit from the Institute of Chartered Accountants of India. He has about 9 years experience in accounts and finance. He joined our Company on November 1, 2002 as the Manager – Accounts & Taxation in the Taxation Department. Today, he holds the position of General Manager (Finance and Accounts). He is responsible for ensuring timely and accurate reporting of financial and management reports, budgeting, reviewing, formulating and implementing accounting systems and providing an analytical review of our Company’s financial performance. He is also responsible for supervising the functioning of direct & indirect taxation departments of our Company and is responsible for internal & statutory reporting. His remuneration is Rs. 18 lacs per annum.

#### 4. Mr. Ritesh Kothari –General Manager (Treasury & Finance)

Mr. Ritesh Kothari, age 35, is a fellow member of the Institute of Chartered Accountants of India. He has over 13 years of experience in the field of accounting. Before joining our Company he worked with Potdar and company as account manager. He joined our Company on August 1, 2002 as a Manager - Treasury & Finance. Currently he holds the post of General Manager – Treasury and Finance. He is in-charge of the treasury operations of the company including strategic planning relating to the forex exposure of the company. He also handles the responsibility of project implementation and execution. His other responsibilities include sourcing continuous finance for our Company, as well as looking after the shipment department and forex management. His remuneration is Rs. 15.6 lacs per annum.

**5. Mr. Gopal Shah –General Manager (Production - Exports)**

Mr. Gopal Shah, Age 38, has been with our Company for over 13 years. He holds a Bachelors Degree in Commerce from Bhagalpur University. He joined our Company on November 1, 1997 as an Executive in the Production Department, Mumbai. Currently, he holds the post of General Manager – Production and is responsible for the complete production, he leads a team of assistants and quality controllers and manages the over all operations *i.e.* planning and controlling of the production unit for garments. He plans the production process, reviews the output, performs on-line inspections, and also monitors the different levels of production going on with various job workers thereby ensuring timely delivery from the job workers and timely execution and delivery of the shipment. His remuneration is Rs. 16.8 lacs per annum.

**6. Mr. Jagdish Pamwani – General Manager - Marketing (Garment – Domestic)**

Mr. Jagdish Pamwani, age 44, holds a Bachelors degree in Commerce from Mumbai University and Professional Development Program from Cornell University (New York). He has over 17 years of experience in the field of sales and marketing in the apparel and textiles industry. He was previously Director-Operations for Mahajan Industries. He joined our Company on August 17, 2006 as an Assistant Manager in our Sales and Marketing (Domestic) Department. Currently, he is managing domestic garment operations, prepares & evaluates quarterly sales & profit projections and also manages the marketing and merchandising team. His remuneration is Rs. 15 lacs per annum.

**7. Mr. Pushpendra Tyagi – General Manager (Marketing Fabric Department)**

Mr. Pushpendra Tyagi, age 34, holds a Bachelors Degree in Science from C.C.S. University, Meerut and Masters in Business Administration – Marketing from University of Lucknow. He has over 10 years experience in the field of Marketing. Prior to joining our Company, he has worked with Ginni International Limited, Delhi as Deputy Manager Marketing from the year 2000 to 2003. He joined our Company on November 1, 2003 as a Senior Manager in our Marketing department. Currently, he holds the post of General Manager Marketing Fabric department and is responsible for marketing and business development of processed, yarn dyed and greige woven fabric in India, managing agent exporter network comprising of garment exporters, buying houses, domestic traders as well as domestic brands across the India. His remuneration is Rs. 18 lacs per annum.

**8. Mr. Rahul Anand – Head (Designs)**

Mr. Rahul Anand, age 30, is a graduate in Fashion Design from the National Institute of Fashion Technology (NIFT), Mumbai. He has over 7 years of experience in the field of designing and is responsible for our Company’s conceptual development of major divisions or multiple product lines. He joined our Company on November 1, 2002 as Executive – Product Development. Today he holds the post of Manager – Designing. He oversees the work of the design team and develops products on a season-wise basis. His understanding of the commercial aspects of designs, trends, styling and graphics enables him to design the whole range of menswear and ladies wear. Additionally, he identifies and develops new products and maintains detailed files of individual styles, thereby fulfilling the business requirements of our customers. His remuneration is Rs. 13.44 lacs per annum.

**9. Ms. Varsha Raghuram Singh – Head Merchandiser (Merchandising)**

Ms. Varsha Singh, age 37, is a Commerce graduate with a diploma in Fashion and Designing from J.D. Institute of Fashion Technology. She has over 15 years experience in the apparel industry. Before joining our Company she worked with Emgeesons Private Limited as a Merchandiser. She joined our Company on July 1, 2003 as Executive - Merchandiser in the Merchandising department. Currently she holds the post of Head Merchandiser in the Merchandising Department. Her profile at our Company involves driving the whole merchandising portfolio while being specifically responsible for liaising with the whole team of merchandisers and monitoring timely completion of bulk orders thereby ensuring timely delivery of shipments to customers. She also works closely with the design team, creative team, quality team and inventory team on matters including product content of each catalog, quality, fit of styles and customer fulfilment. Additionally, she is also responsible for the financial planning, bottom line profit and loss planning, product development and style evaluation. Her remuneration is Rs. 13.8 lacs per annum.

**10. Mr. Nayan Kambli –Assistant General Manger (Finance & Accounts)**

Mr. Nayan Kambli, age 31, holds a Bachelors degree in Commerce from Mumbai University. Further, he has also completed his Masters in Financial Management from Mumbai University. He began his career in May, 1999 with M/s. Vishwanath R.

Nayak, & Co. an audit firm. Thereafter, he joined our Company on July 1, 2001 as an executive in the accounts department and has been with us ever since. He has of over 10 years experience in account and finance. Currently he holds the post of an Assistant General Manager. He is responsible for various Financial Report and Insurance related matter of the Company. He also oversees the functioning of the legal department, administrative and secretarial issues of our Company. His remuneration is Rs. 13.5 lacs per annum.

**11. Mr. Ashok Dhinoja – Assistant General Manager (Information Technology System)**

Mr. Ashok Dhinoja, age 40, is a Commerce graduate from Mumbai University and has a Diploma in Software from Shri Ratan Tata Computer Center; he has also received a SAP FICO certification from Grevel Softech Limited. He has over 15 years of experience in the field of IT and was previously employed at Fixwell Bearing Corporation. He joined our Company on October 1, 1994 as an Executive- System Analyst in our Information Technology. Currently he holds the post of Assistant General Manager and is responsible for handling the complete gamut of IT services. He is responsible for creating appropriate structures and best IT practices not only in the IT department but for the organization as a whole; keeping himself abreast of latest development in IT and implementing them appropriately to gain maximum business benefits. He has implemented the Enterprise Resource Planning technology for automating various work related aspects. His remuneration is Rs. 10.2 lacs per annum.

**12. Mr. Arvind Shikarkhane – Project Head ( Technical)**

Mr. Arvind Shikarkhane, age 68, holds Bachelors' degree (Tech.) in Science from B.U.D.C.T, Mumbai. He has 46 years of experience in project planning and execution for process houses. Prior to joining our Company he had worked with M/s. Regency Exports, Solapur, in a yarn dyeing project from building to product execution. He joined our Company on 10<sup>th</sup> December 2007 as Project Head (Technical) is responsible for all the planning and execution of all new projects of the Company. His remuneration is Rs. 16.2 lacs per annum.

**13. Mr. Vinay Sampat – Company Secretary and Compliance officer**

Mr. Vinay Sampat, age 40, is a certified Company Secretary from Institute of Company Secretaries of India and holds a Bachelors degree in law from Government Law College and also Bachelors degree in Commerce from Mumbai University. He has over 16 years of experience in secretarial and legal departments of various Companies. Prior to joining our Company, he has worked with Asian Electronics Limited, Mumbai as a Senior Manager – Legal & Secretarial. He joined our Company on 13<sup>th</sup> December 2007 as Company Secretary & Legal and is overall incharge of the secretarial and legal functions for the Company. His remuneration is Rs. 12.24 lacs per annum.

**14. Mr. Piyush Vyas – Chief of Administration**

Mr .Piyush Vyas, age 54, holds a Bachelors degree in science from Mumbai University and Diploma in Administrative Management alongwith a Diploma in International Marketing from Jammalal Bajaj Institute, Mumbai. He has over 33 years of experience in the field of merchandising, sourcing, production and quality control of apparels. Prior to joining our Company he has worked with Aryan Clothing, Bangalore as the Vice President - Operations. He joined our Company on 01<sup>st</sup> January 2008 as Chief of Administration and is responsible for overall production and planning. His remuneration is Rs. 12 lacs per annum.

All key managerial personnel are permanent employees of our Company. Further, the key managerial personnel as disclosed above are not key managerial personnel as defined under Accounting Standard 18.

**Shareholding of our Key Managerial Personnel**

Our key managerial personnel do not hold any Equity Shares in our Company as on date.

**Bonus or Profit Sharing Plan**

There is no bonus or profit sharing plan for our key managerial personnel save and except the bonus paid including under the Payment of Bonus Act to our key managerial personnel.



### Changes in our Key Managerial Personnel during the past three years

Name and Designation	Date of Appointment	Date of Resignation	Reason
Mr. Vipul Saxena President HR	October 2007	November 2008	Resignation
Mr. Benjamin Menezes (Company Secretary)	November 2007	March 2008	Resignation
Mr. Vinay Sampat (Company Secretary & Compliance Officer)	December 2007	-	Appointment
Mr. Piyush Vyas- Chief (Administration)	January 2008	-	Appointment
Mr. Arvind Shikarkhane (Project Head- Technical)	December 2007	-	Appointment

### Interest of Key Managerial Personnel

All our key managerial personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered as officers or employees to our Company. Further, if any Equity Shares are allotted to our key managerial personnel in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same. Furthermore, no amount or benefit has been paid or given during the preceding year to any of our key managerial personnel.

### Employees

We believe that a motivated and empowered employee base is integral to our competitive advantage. Our Company has 4,327 employees as on March 31, 2010. The details of which are enumerated below:

Sr. No.	Location	Unit	Permanent	On Contract	Total
1.	Bangalore	Unit 1	1,416	0	1,416
		Unit 2	480	0	480
		Unit 3	254	0	254
		Unit 4	718	0	718
2.	Tarapur	Weaving House Unit (Shirting Division)	317	0	317
		Dyeing unit	420	74	494
		CDR / CBR Processing Unit	39	0	39
		Weaving House	341	0	341
3.	Mumbai	Corporate Office	181	0	181
		Design Studio and Sampling Unit at Sewri	87	0	87
<b>Total</b>					<b>4,327</b>

Our Company does not have any temporary employees as on March 31, 2010.

### Employees Stock Option Scheme

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

### Payment of Benefits to Officers of our Company

Except for the payment of salaries and perquisites/sitting fees, lease rent and reimbursement of expenses incurred in the ordinary course of business, and the transactions as enumerated in the section titled 'Financial Statements' and the chapter titled 'Business

*Overview*' beginning on page nos. 167 and 78 of this Red Herring Prospectus, we have not paid /given any benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of filing this Red Herring Prospectus with RoC.




## OUR PROMOTERS AND THEIR BACKGROUND

Our Company has been promoted by the following five Promoters:

1. Mr. Purushottam Mandhana,
2. Mr. Biharilal Mandhana,
3. Mr. Manish Mandhana,
4. Purushottam Mandhana (HUF),
5. Mr. Priyavrat Mandhana

Details of our Promoters are given in the following table:

	<p><b>Mr. Purushottam Mandhana, 54 years is the Promoter and Executive Chairman-cum-Managing Director of our Company.</b></p> <p>Mr. Purushottam Mandhana was one of the subscribers to the Memorandum of Association of our Company. He holds a bachelors degree in Commerce from the University of Rajasthan and has over 29 years of experience in the textile industry. He is well versed with different textile technologies like dyeing and processing. He has successfully set up the weaving unit and has also played a pivotal role in the modernisation of process unit. Under his administrative supervision, our Company’s export division has performed consistently. He currently oversees the overall management of all the divisions of our Company.</p> <p>For details pertaining to his directorships please refer to the chapter titled ‘<i>Our Management</i>’ beginning on page no. 137 of this Red Herring Prospectus.</p> <p><b>Driving License No.:</b> 5/2968.  <b>Voter ID No.:</b> MT/04/024/258872.</p>
	<p><b>Mr. Biharilal Mandhana, 64 years, is the Promoter and Executive Director of our Company.</b></p> <p>Mr. Biharilal Mandhana was one of the subscribers to the Memorandum of Association of our Company. He holds a bachelors degree in Commerce from the University of Rajasthan and has over 35 years of experience in the textile business. His experience in the industry serves our Company in a big way. He has successfully introduced various varieties of fabric for our Company and has thus, ensured a good market position for our Company. He currently, oversees the raw material requirements of our Company and is also in charge of the fabric division of our Company.</p> <p>For details pertaining to his directorships, please refer to the chapter titled ‘<i>Our Management</i>’ beginning on page no. 137 of this Red Herring Prospectus.</p> <p><b>Driving License No.:</b> 87-C-41378.  <b>Voter ID No.:</b> MT/04/024/258732.</p>
	<p><b>Mr. Manish Mandhana, 41 years, is the Promoter and Executive Joint Managing Director of our Company.</b></p> <p>Mr. Manish Mandhana is one of the Promoters of our Company. He holds a Bachelor’s Degree in Commerce from Mumbai University and has over 15 years of experience in the textile industry. He is in overall charge of the export activities of our Company. His marketing and administrative abilities have helped our Company’s export division grow rapidly. He is in sync with the latest trends in the export market and understands the taste of the foreign fashion industry. He currently oversees export of garments.</p> <p>For details pertaining to his directorships, please refer to the chapter titled ‘<i>Our Management</i>’ beginning on page no. 137 of this Red Herring Prospectus.</p>

	<p><b>Driving License No.:</b> 851C/31073. <b>Voter ID No.:</b> ISD2104511</p>
	<p><b>Mr. Priyavrat Mandhana, 22 years, is the Promoter of our Company.</b></p> <p>Mr. Priyavrat Mandhana is one of the Promoters of our Company.</p> <p>Mr. Priyavrat Mandhana is a student of, H.R. College of Commerce and Economics, Mumbai University.</p> <p>Other than being the Promoter of our Company, he does not hold directorships in any other company.</p> <p><b>Driving License No.:</b> MH02-2008-0193646 <b>Voter ID No.:</b> Applied for</p>
	<p><b>Purushottam Mandhana [HUF]</b></p> <p>Our Promoter, Mr. Purushottam Mandhana is the <i>Karta</i> of Purushottam Mandhana (HUF); the other members of this HUF are Mrs. Prema Mandhana and Mr. Priyavrat Mandhana.</p>

**We confirm that the Permanent Account Number, bank account number and passport number of our Promoters have been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.**

For details pertaining to other ventures of our Promoters please refer to chapter titled “Our Promoter Group and Group Entities” beginning on page 158 of the Red Herring Prospectus.

#### Relationship of Promoters with each other and with our Directors

Sr. No.	Name	Status	Relationship
1.	Mr. Purushottam Mandhana	Promoter / Chairman-cum- Managing Director	<ul style="list-style-type: none"> <li>• Brother of Mr. Biharilal Mandhana;</li> <li>• Uncle of Mr. Manish Mandhana; and</li> <li>• Father of Mr. Priyavrat Mandhana.</li> </ul>
2.	Mr. Biharilal Mandhana	Promoter / Executive Director	<ul style="list-style-type: none"> <li>• Brother of Mr. Purushottam Mandhana;</li> <li>• Father of Mr. Manish Mandhana; and</li> <li>• Uncle of Mr. Priyavrat Mandhana</li> </ul>
3.	Mr. Manish Mandhana	Promoter / Executive Director	<ul style="list-style-type: none"> <li>• Son of Mr. Biharilal Mandhana;</li> <li>• Nephew of Mr. Purushottam Mandhana; and</li> <li>• Cousin of Mr. Priyavrat Mandhana</li> </ul>
4.	Mr. Priyavrat Mandhana	Promoter	<ul style="list-style-type: none"> <li>• Son of Mr. Purushottam Mandhana;</li> <li>• Nephew of Mr. Biharilal Mandhana; and</li> <li>• Cousin of Mr. Manish Mandhana.</li> </ul>

#### Common Pursuits

Mahan Synthetic Textiles Private Limited, one of our Group Entities, incorporated on February 28, 1991 is authorised to carry on the business of processing, selling, importing, exporting, distributing and dealing in synthetic and synthetic blends, both with natural and artificial fibres. As on date, Mahan Synthetic is engaged *inter alia* in the business of trading and commission income arising from textiles.

Golden Seam Textile Private Limited, one of our Group Entities, incorporated on March 26, 2004 is authorised to carry on the business of textiles. As on date, Golden Seam is engaged *inter alia* in the business of manufacturing, export, sale and trading of textiles (bottom wear).

M/s. Balaji Corporation, one of our Group entities, is a partnership firm formed under a partnership deed dated May 05, 2003. M/s. Balaji Corporation is currently engaged *inter alia* in the business of trading and commission income arising there from in textiles.

### **Interest of Promoters**

Our Promoters do not have any interest:

- (i) in the promotion of our Company, save and except the rent received from our Company for using the following properties:
  - a. Unit No. 205, 211 and the passage between the units at Peninsula Centre, Off Ambedkar Road, Mumbai – 400 012 given by Mr. Manish Mandhana *vide* leave and licence agreement dated January 01, 2010;
  - b. Unit No. 208 at Peninsula Centre, Off Ambedkar Road, Mumbai – 400 012 given by Mr. Priyavrat Mandhana *vide* leave and licence agreement dated January 01, 2010;
  - c. Unit No. 209, 210 at Peninsula Centre, Off Ambedkar Road, Mumbai – 400 012 given by Mr. Biharilal Mandhana *vide* leave and licence agreement dated January 01, 2010;
  - d. Unit No. 213, 214 at Peninsula Centre, Off Ambedkar Road, Mumbai – 400 012 given by Mr. Purushottam Mandhana *vide* leave and licence agreement dated January 01, 2010; and
- (ii) in any property acquired by our Company for a period of two years before filing this Red Herring Prospectus with RoC or proposed to be acquired by our Company as on the date of filing this Red Herring Prospectus with RoC.

Further, save and except as stated otherwise in the chapters titled '*Business Overview*' and '*Our Management*' and the section titled '*Financial Statements*' beginning on page nos. 78, 137 and 167, respectively, of this Red Herring Prospectus, and to the extent of Equity Shares held by them, our Promoters do not have any other interests in our Company as on the date of filing of this Red Herring Prospectus with RoC.

### **Payment or Benefit to our Promoters**

No payment has been made or benefit given to our Promoters in the two years preceding the date of this Red Herring Prospectus except as mentioned/referred to in this chapter and in the chapter titled '*Our Management*' and in the section titled '*Financial Statements*' beginning on pages 137 and 167 respectively, of this Red Herring Prospectus.

There is no bonus or profit sharing plan for our Promoters.

### **Related Party Transactions**

For details on our related party transactions please refer the table titled '*Properties*' on page no. 94 in chapter titled '*Business Overview*' beginning on page no. 78, paragraph under the heading '*Interest of Directors*' on page no. 145 in the chapter titled '*Our Management*' beginning on page no 137 and in the '*Annexure XVI – Statement of Related Party Transactions*' on page no. 190 under the section titled '*Financial Statements*' beginning on page no. 167, respectively, of this Red Herring Prospectus.

## OUR PROMOTER GROUP AND GROUP ENTITIES

Our Promoter Group includes following individuals:

1. Ms. Prema Mandhana- Wife of Mr. Purushottam Mandhana and mother of Mr. Priyavrat Mandhana;
2. Ms. Sudha Mandhana- Wife of Mr. Biharilal Mandhana and mother of Mr. Manish Mandhana;
3. Ms. Sangeeta Mandhana- Wife of Mr. Manish Mandhana;
4. Mr. Vinay Mandhana- Son of Mr. Biharilal Mandhana and Brother of Mr. Manish Mandhana;
5. Biharilal Mandhana (HUF);
6. Manish Mandhana (HUF);
7. Master Arnav Mandhana- Son of Mr. Manish Mandhana;
8. Ms. Muskaan Mandhana- Daughter of Mr. Manish Mandhana;
9. Ms. Poorvi Jithalia- Daughter of Mr. Purushottam Mandhana and sister of Mr. Priyavrat Mandhana;
10. Ms. Preeti Daga- Daughter of Mr. Purushottam Mandhana and sister of Mr. Priyavrat Mandhana;
11. Ms. Kamlabai Rathi- Sister of Mr. Purushottam Mandhana and Mr. Biharilal Mandhana;
12. Ms. Tulsibai Chandak- Sister of Mr. Purushottam Mandhana and Mr. Biharilal Mandhana;
13. Ms. Bhagwati Chandak- Sister of Mr. Purushottam Mandhana and Mr. Biharilal Mandhana;
14. Ms. Chanda Jaju- Sister of Mr. Purushottam Mandhana and Mr. Biharilal Mandhana;
15. Ms. Mangala Somani- Sister of Mr. Purushottam Mandhana and Mr. Biharilal Mandhana;
16. Ms. Shakuntala Dargad- Sister of Mr. Purushottam Mandhana and Mr. Biharilal Mandhana; and
17. Ms. Archana Seth- Daughter of Mr. Biharilal Mandhana and sister of Mr. Manish Mandhana.

Mr. Narayandas Mandhana and Mr. Govindlal Mandhana, the brothers of Mr. Purushottam Mandhana and Mr. Biharilal Mandhana have their own ventures, which they have promoted or in which they hold substantial equity interest. However, they do not hold any interest, equity or otherwise, in the business, properties, companies or firms of Mr. Purushottam Mandhana or Mandhana Industries Limited. In addition the Promoters of Mandhana Industries Limited and the ventures promoted by them do not have any ownership interest in such ventures of Mr. Narayandas Mandhana and Mr. Govindlal Mandhana. Accordingly, information regarding the ventures of Mr. Narayandas Mandhana and Mr. Govinddas Mandhana have not been disclosed in this Red Herring Prospectus.

We have six Group Entities, namely:

1. Sundhya Chhaya Finvest Private Limited;
2. Ashlesha Finvest Private Limited;
3. Dhumketu Finvest Private Limited;
4. Mahan Synthetic Textiles Private Limited;
5. Golden Seam Textiles Private Limited; and
6. M/s Balaji Corporation.

### ***1. Sundhya Chhaya Finvest Private Limited (“Sundhya Chhaya”)***

Sundhya Chhaya was incorporated on July 27, 1995 having Registration No. 11-91094 of 1995 and CIN no. U65920MH1995PTC091094. The registered office of Sundhya Chhaya is 014, Peninsula Centre, Dr. S.S. Rao Road, Parel, Mumbai City, Maharashtra, Mumbai 400012. Sundhya Chhaya is authorised to carry on the business of money lending, investment in securities as well as land and buildings. However, as on date, Sundhya Chhaya is not carrying on any business.

#### ***Board of Directors:***

As on March 31, 2010 Sundhya Chhaya has two directors, as detailed herein below:

Name	Designation
Mr. Purushottam Mandhana	Director
Mr. Biharilal Mandhana	Director

**Shareholding Pattern:**

The equity shares of Sundhya Chhaya are not listed on any stock exchange. The shareholding pattern of Sundhya Chhaya as on March 31, 2010 is as follows

Name of Shareholders	Number of shares	Percentage of share capital [%]
Mr. Purushottam Mandhana	5,000	50
Mr. Biharilal Mandhana	5,000	50
<b>Total</b>	<b>10,000</b>	<b>100</b>

**Financial Performance:**

The Summary audited financial statements of Sundhya Chhaya for the last three fiscals and nine month period ending December 31, 2009 are as follows:

Particulars	(Rs. In lacs)			
	Nine months period ended December 31, 2009	FY 2009	FY 2008	FY 2007
Sales and other Income	-	-	-	-
Profit / Loss after tax	(0.06)	(0.11)	(0.08)	(0.03)
Equity Capital	1.00	1.00	1.00	1.00
Reserves and Surplus	(0.51)	(0.45)	(0.34)	(0.25)
Earnings per share in Rupees (of Rs.10 each)	(0.61)	(1.12)	(0.82)	(0.26)
Book value per share in Rupees (of Rs.10 each)	4.91	5.52	6.64	7.46

**2. Ashlesha Finvest Private Limited ("Ashlesha Finvest")**

Ashlesha Finvest Private Limited was incorporated on July 21, 1995 having Registration No. 11-90876 of 1995 and CIN no. U65990MH1995PTC090876. Ashlesha Finvest has its registered office at 014, Peninsula Centre, Dr. S.S. Rao Road, Parel, Mumbai City, Maharashtra, Mumbai 400012. Ashlesha Finvest is authorised to carry on the business of money lending, investment in securities as well as land and buildings. However, as on date, Ashlesha Finvest is not carrying on any business.

**Board of Directors:**

As March 31, 2010, Ashlesha Finvest has three directors as detailed herein below:

Name	Position
Mr. Nayan Kambli	Director
Mr. Ashwin Sheth	Director
Mr. Girish Shah	Director

**Shareholding Pattern:**

The equity shares of Ashlesha Finvest are not listed on any stock exchange. The shareholding pattern of Ashlesha Finvest as on March 31, 2010 is as follows:

Name of Shareholders	Number of shares	Percentage of share capital
Mr. Purushottam Mandhana	5,000	50
Mr. Manish Mandhana	5,000	50
<b>Total</b>	<b>10,000</b>	<b>100</b>

**Financial Performance:**

The Summary audited financial statements of Ashlesha Finvest for the last three fiscals and nine month period ending December 31, 2009 are as follows:

Particulars	(Rs. In lacs)			
	Nine months period ended December 31, 2009	FY 2009	FY 2008	FY 2007
Sales and other Income	-	-	-	-
Profit / loss after tax	(0.97)	(1.32)	(3.53)	(0.06)
Equity Capital	1.00	1.00	1.00	1.00
Reserves and Surplus	(6.11)	(5.14)	(3.83)	(0.30)
Earnings per share in Rupees (of Rs.10/- each)	(9.70)	(13.18)	(35.31)	(0.62)
Book value per share in Rupees (of Rs.10/- each)	(51.14)	(41.44)	(28.27)	7.04

**3. Dhumketu Finvest Private Limited (“Dhumketu Finvest”)**

Dhumketu Finvest Private Limited was incorporated on August 7, 1995 having Registration No. 11-91455 of 1995 and CIN No. U67120MH1995PTC091455. Dhumketu Finvest has its registered office at 014, Peninsula Centre, Dr. S.S. Rao Road, Parel, Mumbai City, Maharashtra, Mumbai 400012. Dhumketu Finvest is authorised to carry on the business of money lending, investment in securities as well as land and buildings. However, as on date, Dhumketu Finvest is not carrying on any business.

**Board of Directors:**

As on March 31, 2010, Dhumketu Finvest has two directors as detailed herein below:

Name	Position
Mr. Purushottam Mandhana	Director
Mr. Manish Mandhana	Director

**Shareholding Pattern:**

The equity shares of Dhumketu Finvest are not listed on any stock exchange. The shareholding pattern of Dhumketu Finvest as on March 31, 2010 is as follows

Name of Shareholders	Number of shares	Percentage of share capital (%)
Mr. Purushottam Mandhana	5,000	50
Mr. Manish Mandhana	5,000	50
<b>Total</b>	<b>10,000</b>	<b>100</b>

**Financial Performance:**

The Summary audited financial statements of Dhumketu Finvest for the last three fiscals and nine month period ending December 31, 2009 are as follows:

Particulars	(Rs. In lacs)			
	Nine months period ended December 31, 2009	FY 2009	FY 2008	FY 2007
Sales and other Income	-	-	-	-
Profit / loss after tax	(0.06)	(0.10)	(0.08)	(0.06)
Equity Capital	1.00	1.00	1.00	1.00
Reserves and Surplus	(0.53)	(0.47)	(0.36)	(0.28)

Earnings per share in Rupees (of Rs.10/- each)	(0.62)	(1.04)	(0.82)	(0.62)
Book value per share in Rupees (of Rs.10/- each)	4.70	5.33	6.37	7.19

#### 4. Mahan Synthetic Textiles Private Limited (“Mahan Synthetic”)

Mahan Synthetic Textile Private Limited was incorporated on March 17, 1977 having Registration No. 11-19556 of 1977 and CIN no. U17120MH1977PTC019556. Mahan Synthetic has its registered office at 205/214, Peninsula Centre, Dr. S.S. Rao Road, Off Ambedkar Road, Parel (E), Mumbai 400 012. Mahan Synthetic is authorised to carry on the business of processing, selling, importing, exporting, distributing and dealing in synthetic and synthetic blends, both with natural and artificial fibres. As on date, Mahan Synthetic is engaged *inter alia* in the business of trading and commission income arising from textiles.

#### Board of Directors:

As on March 31, 2010, Mahan Synthetic has two directors as detailed herein below:

Name	Position
Mr. Purushottam Mandhana	Director
Mr. Biharilal Mandhana	Director

#### Shareholding Pattern:

The equity shares of Mahan Synthetic are not listed on any stock exchange. The shareholding pattern of Mahan Synthetic as on March 31, 2010 is as follows:

Name of Shareholders	Number of shares	Percentage of share capital (%)
Mr. Biharilal Mandhana	1,250	12.35
Mr. Biharilal Mandhana and Mrs. Sudha Mandhana (joint holders)	300	2.96
Mrs. Sudha Mandhana	970	9.58
Mr. Manish Mandhana	1,250	12.35
Mrs. Sangeeta Mandhana	1,290	12.75
Mr. Purushottam Mandhana	500	4.94
Mr. Purushottam Mandhana and Mrs. Prema Mandhana (joint holders)	1,550	15.32
Mrs. Prema Mandhana	1,450	14.33
Ms. Preeti Mandhana	250	2.47
Mr. Priyavrat Mandhana	1,310	12.94
<b>Total</b>	<b>10,120</b>	<b>100</b>

#### Financial Performance:

The Summary audited financial statements of Mahan Synthetic for the last three fiscals and nine month period ending December 31, 2009 are as follows:

Particulars	(Rs. In lacs)			
	Nine months period ended December 31, 2009	FY 2009	FY 2008	FY 2007
Sales and other Income	-	11.83	350.69	11.38
Profit / loss after tax	(8.11)	0.24	231.43	0.90
Equity Capital	10.12	10.12	10.12	10.12
Reserves and Surplus	235.52	249.07	248.82	39.99
Earnings per share in Rupees (of Rs.100/- each)	(80.11)	2.38	2,286.83	8.90

Particulars	(Rs. In lacs)			
	Nine months period ended December 31, 2009	FY 2009	FY 2008	FY 2007
Book value per share in Rupees (of Rs.100/- each)	2427.24	2,561.13	2558.74	271.91

#### 5. Golden Seam Textiles Private Limited (“Golden Seam”)

Golden Seam Textiles Private Limited was incorporated on March 26, 2004 having CIN as U17120MH2004PTC145341. Golden Seam has its registered office at 014, Peninsula Centre, Dr. S.S. Rao Road, Parel, Mumbai City, Maharashtra, Mumbai 400012. Golden Seam is authorised to carry on the business of textiles. As on date Golden Seam is engaged *inter alia* in the business of manufacturing, export, sale and trading of textile (bottom wear).

#### Board of Directors:

As on March 31, 2010, Golden Seam has four directors as detailed herein below:

Name	Position
Mr. Purushottam Mandhana	Director
Mr. Manish Mandhana	Director
Mr. Sanjeev Mukhija	Director
Mrs. Minal Mukhija	Director

#### Shareholding Pattern:

The equity shares of Golden Seam are not listed on any stock exchange. The shareholding pattern of Golden Seam as on March 31, 2010 is as follows:

Name of Shareholders	Number of shares	Percentage of share capital (%)
Mr. Purushottam Mandhana	15,32,420	25
Mr. Manish Mandhana	15,32,500	25
Mr. Sanjeev Mukhija	15,32,500	25
Mrs. Minal Mukhija	15,32,500	25
Others	80	Negligible
<b>Total</b>	<b>61,30,000</b>	<b>100</b>

#### Financial Performance:

The Summary audited financial statements of Golden Seam for the last three fiscals and nine month period ending December 31, 2009 are as follows:

Particulars	(Rs. in lacs)			
	Nine months period ended December 31, 2009	FY 2009	FY 2008	FY 2007
Sales and other Income	2,352.88	2,714.44	1,896.79	941.99
Profit / loss after tax	50.98	61.91	61.85	53.68
Equity Capital	613.00	145.00	145.00	145.00
Reserves and Surplus	258.20	207.22	145.31	83.46
Earnings per share in Rupees (of Rs.10/- each)	0.83	4.27	4.27	21.09
Book value per share in Rupees (of Rs.10/- each)	14.21	24.29	20.02	15.76



#### 6. M/s Balaji Corporation (“Balaji Corporation”)

M/s Balaji Corporation is a partnership firm formed under a partnership deed dated May 05, 2003 and situated at 167 Vakhar Bhag, Sangli, 416 416. Balaji Corporation is currently engaged inter alia in the business of trading and commission income arising there from textile.

#### Partners of Balaji Corporation:

As on March 31, 2010, Balaji Corporation has nine partners and their profit sharing ratio as on date is as follows:

Particulars	% Stake
Mr. Biharilal Mandhana	8.33
Mr. Purushottam Mandhana	16.67
Mr. Manish Mandhana	8.33
Mr. Biharilal Mandhana (HUF)	8.33
Mr. Purushottam Mandhana (HUF)	16.67
Mr. Manish Mandhana (HUF)	8.33
Mr. Sudha Mandhana	8.33
Mr. Prema Mandhana	16.67
Mr. Sangeeta Mandhana	8.33
<b>Total</b>	<b>100.00%</b>

#### Financial Performance:

The Summary audited financial statements of Balaji Corporation for the FY 2009 and nine month period ending December 31, 2009 are as follows:

Particulars	(Rs. in lacs)	
	Nine months period ended December 31, 2009*	FY 2009*
Operating Income	-	-
Other Income	33.77	48.53
Total Income	33.77	48.53
Profit/ loss After Tax	2.46	13.84
Partners Capital	424.19	(62.47)

\*The Financial Statements audited under section 44AB of Income Tax Act,

#### Details of Companies / Firms from which our Promoters have disassociated:

During the last three years, our Promoters have not disassociated themselves from any companies/partnership firms other than as mentioned below:

#### Parag Kunj Finvest Private Limited (“Parag Kunj”)

Mr. Purushottam Mandhana resigned from the position of Director of Parag Kunj vide resignation letter dated November 04, 2009 and subsequently he transferred all his shares in Parag Kunj to Mr. Kalpesh Shah, vide Share Transfer Form dated November 06, 2009.

#### Vicky Jhunjhunwala Resorts Private Limited (“Jhunjhunwala Resorts”)

A Share Purchase Agreement dated March 11, 2010 was entered into between Mr. Gulabsi Ratansi Khimji and Mrs. Devyani Gulabsi Bhatia (“Purchasers”) and Mr. Purushottam Mandhana, Mrs. Prema Mandhana, Mr. Biharilal Mandhana, Mr. Priyavrat Mandhana, Mrs. Sudha Mandhana and Mr. Manish Mandhana (“Sellers”). Pursuant to the Share Purchase Agreement the Sellers transferred all their shares, owned wholly or jointly, to the Purchasers for a total consideration of Rs. 45,00,000/-. As per the said agreement Mr. Purushottam Mandhana and Mr. Biharilal Mandhana resigned from the position of Directors of the company and

were replaced by Mr. Gulabsi Ratansi Khimji and Mrs. Devyani Gulabsi Bhatia and the registered office of this company was shifted to 201, Churchgate Chambers, 5, New Marine Lines, Mumbai-400020.

**Details of Group Companies whose names have been struck off from RoCs**

None of our Group Entities have been struck off from the records of Registrar of Companies as “defunct companies”.

**Group Entities referred to BIFR/ Under Winding Up/having Negative Net Worth**

None of the companies forming part of the Group Entities is a Sick Company under the meaning of SICA and none of them are under the process of Winding up.

**Common Pursuits/Conflict of Interest**

Other than as stated in the chapter titled “Our Promoters and their Background” there are no Conflict of Interests between our Company and our Group Entities. For details on the Common Pursuits/Conflict of Interests please refer to the chapter titled ‘*Our Promoters and their Background*’ beginning on page no. 155 of this Red Herring Prospectus.

**Related Party Transactions**

Other than as stated in the chapter titled “Related Party Transactions” none of the Group Entities of our Company have any business interests in our Company. For details on our related party transactions please refer to the chapter titled ‘*Related Party Transactions*’ beginning on page no. 165 of this Red Herring Prospectus.

**Details of Public Issue / Rights Issue of Capital in the last three years**

Our aforesaid Group Entities have not come out with any public issues / rights issues in the last three years. Further, none of our aforesaid Group Entities are listed on any stock exchanges.

**Changes in Accounting Policies in the last three years**

There have been no changes in the accounting policies of our Company in the last three years.

*Note: Our Company, our Promoters and / or the members of our Group Entities and / or any group companies of our Promoters are in no manner related, associated and / or connected with Balaji Industrial Corporation Limited.*

## **RELATED PARTY TRANSACTIONS**

For details on our related party transactions please refer the table titled '*Properties*' on page no. 94 in chapter titled '*Business Overview*' beginning on page no. 78, paragraph under the heading '*Interest of Directors*' on page no. 145 in the chapter titled '*Our Management*' beginning on page no. 137 and in the '*Annexure XVI – Statement of Related Party Transactions*' on page no. 190 under the section titled '*Financial Statements*' beginning on page no. 167, respectively, of this Red Herring Prospectus, there have been no sales or purchases between our Company, our Promoters and our Group Entities exceeding the aggregate value of 10% of the total sales or purchases of our Company.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements, and overall financial requirements. The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

Our Company has declared equity dividend in the last five years as detailed below:

	Year ended March 31, 2009		Year ended March 31, 2008		Year ended March 31, 2007		Year ended March 31, 2006		Year ended March 31, 2005	
Equity Shares (Face Value of Rs.10/- each)	Interim dividend @ 15% on the equity share capital.	Final dividend @ 7% on the equity share capital.	Interim dividend @ 15% on the equity share capital.	Final dividend @ 7% on the equity share capital.	Interim dividend @20.00% on the equity share capital.	-	Interim dividend @ 17.50% on the equity share capital.	-	Interim Dividend @15% on the Equity Share Capital	-

Note: Pursuant to the above, our company has declared an interim dividend of 10% vide Board Resolution dated February 11, 2010

**SECTION – VI**  
**FINANCIAL STATEMENTS**

**FINANCIAL INFORMATION**

**Auditor’s Report as required by Part II of Schedule II to the Companies Act, 1956.**

**To,**  
**The Board of Directors,**  
**Mandhana Industries Limited**  
205-214, Peninsula Centre,  
Dr. S.S.Rao Road,  
Off. Dr. B S Ambedkar Road,  
Parel (West), Mumbai -12.

Dear Sirs,

**Re: Public Issue of Equity Shares of Mandhana Industries Limited**

We have examined and found correct the annexed restated summary statements of Mandhana Industries Limited for the nine months period ended December 31, 2009, and the years ended March 31, 2009, 2008, 2007, 2006 and 2005 prepared by the Company and approved by its Board of Directors.

At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts drawn up in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956.

In accordance with the requirements of:

- Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956;
  - Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement ) Regulations, 2009(‘the SEBI ICDR Regulations’ )and
  - The Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/ Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India and terms of reference received from the Company in connection with the proposed public issue of Equity shares of the Company.
  - The terms of reference given vide the Company’s letter dated March 2 ,2010 requesting us to carry out work in connection with the Issue as aforesaid, we report that:-
1. The summary statement of assets and liabilities, as restated, of the Company as at December 31 2009, March 31, 2009, 2008, 2007, 2006 and 2005 are as set out in Annexure I to this report after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.
  2. The summary statement of Profit and Loss, as restated of the Company for the nine months period ended December 31, 2009 and each of the years ended March 31, 2009, 2008, 2007, 2006 and 2005 are as set out in Annexure II to this report. These profits have been arrived after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.
  3. We have examined the summary statement of cash flow, as restated relating to the Company for the nine months period ended December 31, 2009 and each of the years ended March 31, 2009, 2008, 2007, 2006 and 2005 appearing in Annexure III to this report after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.

These statements have been prepared by the Company and approved by its Board of Directors (these statements are herein collectively referred to as the “Restated Summary Statements”). These statements have been extracted from the audited financial statement of the Company for the respective period/years.

Audit of the financial statements for the period/years ended December 31, 2009, March 31, 2009, 2008, 2007, 2006 and 2005 has been conducted by Company’s Statutory Auditor, Vishal H. Shah & Associates. Further, financials statements for the nine months period ended December 31, 2009 and year ended March 31, 2009 have been reaudited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended March 31, 2008, 2007, 2006 and 2005 is based on the audited financial statements of the Company which were audited by the Statutory Auditor, Vishal H. Shah & Associates and whose Auditors’ report has been relied upon by us for the said periods.

- The Restated Summary Statement of the Company as included in this report as at and for the years ended March 31 2008, 2007, 2006 and 2005 are based on the audited financial statements of the Company which were audited by the Statutory Auditor of the Company and whose Auditors’ report has been relied upon by us for the said years and for the period of nine months ended December 31, 2009 and year ended March 31, 2009 examined by us as set out in Annexure I, II and III of this report are after making such adjustments and regrouping as in our opinion were appropriate.
- Based on the above and also as per the reliance place by us on the audited financial statements of the Company which were audited by Statutory Auditor and the Auditors’ report for the years ended March 31, 2008, 2007, 2006 and 2005, we are of the opinion that the Restated Summary Statements have been made after incorporating:
  - (i) Adjustments for the changes in accounting policies retrospectively in respective financial period/years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
  - (ii) Adjustments for the material amounts in the respective financial period/years to which they relate.
  - (iii) And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification adjustments.

We have examined the following financial information relating to the Company proposed to be included in the Red Herring Prospectus, as approved by you and annexed to this report. In respect of the financial years ended March 31, 2008, 2007, 2006 and 2005, this information has been included based on the audited financial statements of the Company which were audited by the Statutory Auditor of the Company and whose Auditors’ report has been relied upon by us for the said years:

1. Statement of Sundry Debtors enclosed as Annexure V to this report;
2. Statement of Loans and Advances as appearing in Annexure VI to this report;
3. Statement of Secured Loans as appearing in Annexure VII to this report.
4. Statement of Unsecured Loans as appearing in Annexure VIII to this report;
5. Statement of Income from Operations as appearing in Annexure IX to this report;
6. Statement of Other Income as appearing in Annexure X to this report;
7. Statement of Contingent Liabilities as appearing in Annexure XI to this report;
8. Statement of Accounting Ratios as appearing in Annexure XII to this Report;
9. Statement of Capitalisation as at December 31 ,2009 as appearing in Annexure XIII to this report;
10. Statement of Dividend paid as appearing in Annexure XIV to this report;
11. Statement of Tax Shelters as appearing in Annexure XV to this report;
12. Statement of Related Parties and transactions carried out with the Related parties as appearing in Annexure XVI to this report;
13. Statement of Investments as appearing in Annexure XVII to this report;
14. Statement of Segment Reporting as appearing in Annexure XVIII to this report.

In our opinion the above financial information of the Company read with Significant Accounting Policies and Notes to Accounts enclosed in Annexure IV to this report and also as per the reliance place by us on the audited financial statements of the Company which were audited by the Statutory Auditor and the Auditors’ report for the years ended March 31, 2008, 2007, 2006 and 2005 , after making adjustments / restatements and regroupings as considered appropriate has been prepared in accordance with paragraph B(1) Part II of Schedule II of the Companies Act and the SEBI ICDR Regulations.

This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred herein.



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

**FOR ASHRA & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**Firm's Registration No: 100700W**

**M.L. ASHRA**  
**Partner**  
**Membership No : 33731**

**Place: Mumbai**  
**Date: 7<sup>th</sup> April, 2010**

**ANNEXURE I: SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(Rs. In Lacs)

Particulars	As at December 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005
<b>Fixed Assets</b>						
Gross Block	41,443.87	36,030.36	24,228.63	16,327.79	14,527.33	5,484.80
Less: Depreciation	5,349.47	4,066.23	2,948.76	2,129.81	1,442.45	1,145.99
<b>Net Block</b>	36,094.40	31,964.13	21,279.87	14,197.98	13,084.88	4,338.81
Less: Revaluation Reserve	-	-	-	-	-	-
<b>Net Block after adjustment for Revaluation Reserve</b>	36,094.40	31,964.13	21,279.87	14,197.98	13,084.88	4,338.81
Capital Work in Progress	54.70	-	322.60	1,848.13	1,667.70	928.67
<b>Total (A)</b>	36,149.10	31,964.13	21,602.47	16,046.11	14,752.58	5,267.48
<b>Investments (B)</b> (Refer to Annexure- XVII )	0.05	0.05	0.05	0.05	0.05	0.05
<b>Current Assets, Loans and Advances</b>						
Inventories	17,945.52	13,726.07	9,036.23	4,948.68	2,523.47	1,447.69
Sundry Debtors (Refer to Annexure-V )	9,624.55	4,078.09	3,146.79	2,936.19	1,969.64	1,897.21
Cash and Bank Balances	733.80	559.30	214.90	233.97	173.94	129.92
Loans and Advances (Refer to Annexure-VI )	4,377.41	4,660.26	5,415.31	1,641.57	1,594.01	1,029.24
<b>Total (C )</b>	32,681.28	23,023.72	17,813.23	9,760.41	6,261.06	4,504.06
<b>Total Assets D =(A+B+C)</b>	68,830.43	54,987.90	39,415.75	25,806.57	21,013.69	9,771.59
<b>Liabilities and Provisions</b>						
Secured Loans (Refer to Annexure-VII )	35,647.79	30,534.89	21,460.92	15,647.37	13,648.46	4,586.67
Unsecured Loans (Refer to Annexure –VIII )	2,740.70	1,281.64	1,301.19	478.78	507.13	112.98
Deferred Tax Liability (Refer to Annexure- IV-C )	4,609.46	3,616.13	2,330.82	1,837.47	1,132.63	643.83
Sundry Creditors	6,538.92	3,870.74	2,394.21	1,726.16	1,247.88	518.31
Other Current Liabilities	555.34	2,024.08	1,036.76	596.77	750.58	1,151.90
Provisions	313.85	324.50	912.36	96.86	7.50	41.50
<b>Total Liabilities (E)</b>	50,406.06	41,651.98	29,436.26	20,383.41	17,294.18	7,055.19
<b>Net Worth (D-E)</b>	18,424.37	13,335.92	9,979.49	5,423.16	3,719.51	2,716.40
<b>Net Worth Represented By</b>						
Equity Share Capital (I)	2,482.39	1,132.50	1,132.50	1,050.00	1,050.00	1,050.00
Reserves and Surplus (Refer to Annexure - A )	15,941.98	12,203.42	8,846.99	4,373.16	2,669.51	1,666.40



Less: Revaluation Reserve	-	-	-	-	-	-
Reserve Net of Revaluation Reserve (II)	15,941.98	12,203.42	8,846.99	4,373.16	2,669.51	1,666.40
<b>Net Worth (I+II)</b>	<b>18,424.37</b>	<b>13,335.92</b>	<b>9,979.49</b>	<b>5,423.16</b>	<b>3,719.51</b>	<b>2,716.40</b>

**Annexure “A”**

(Rs. In Lacs)

Restated Reserve & Surplus	As at December 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005
A. Capital Reserve	25.00	25.00	25.00	25.00	25.00	25.00
B. Securities Premium	1,235.83	1,235.83	1,540.05	-	-	-
Add: Addition during the Year	2,282.61	-	-	-	-	-
Less: Utilised for Bonus Issue	1,132.50	-	-	-	-	-
Less: Miscellaneous Expenditure adjusted	268.00	-	304.22	-	-	-
	<b>2,117.94</b>	<b>1,235.83</b>	<b>1,235.83</b>	-	-	-
C. General Reserve						
Balance as per last Balance Sheet (a)	1,114.98	664.98	267.24	242.24	217.24	192.24
Addition during the Year (b)	-	450.00	400.00	25.00	25.00	25.00
Adjustment on account of Revised AS- 15 on Opening Liability (c)	-	-	2.26	-	-	-
<b>Sub Total (a+b-c)</b>	<b>1,114.98</b>	<b>1,114.98</b>	<b>664.98</b>	<b>267.24</b>	<b>242.24</b>	<b>217.24</b>
D. Surplus i.e. Balance in Profit & Loss Account	<b>12,684.06</b>	<b>9,827.61</b>	<b>6,921.18</b>	<b>4,080.92</b>	<b>2,402.27</b>	<b>1,424.16</b>
<b>Total (A+B+C+D)</b>	<b>15,941.98</b>	<b>12,203.42</b>	<b>8,846.99</b>	<b>4,373.16</b>	<b>2,669.51</b>	<b>1,666.40</b>

**ANNEXURE II: SUMMARY STATEMENT OF PROFIT AND LOSS AS RESTATED**

(Rs. In Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
<b>Income</b>						
Income from Operations (Refer to Annexure-IX)						
Manufacturing	43,836.30	46,203.45	40,591.73	23,876.63	18,023.55	12,489.96
Trading	89.43	121.72	102.21	157.06	111.24	166.46
<b>Total (A)</b>	<b>43,925.73</b>	<b>46,325.17</b>	<b>40,693.94</b>	<b>24,033.69</b>	<b>18,134.79</b>	<b>12,656.42</b>
<b>Expenditure</b>						
Raw Materials consumed	31,190.83	30,204.59	29,190.86	15,226.95	11,566.38	7,277.09
Cost of goods Traded	74.53	107.60	91.30	142.61	100.91	149.88
(Increase)/ Decrease in Inventories	(3,237.06)	(1,223.07)	(3,478.95)	(2,026.33)	(334.45)	(0.67)
Manufacturing Expenses	2,586.70	3,507.17	3,257.65	2,778.51	2,427.45	2,129.05
Employees' Remuneration & Benefits	2,451.01	2,872.72	2,155.66	1,475.95	989.78	584.10
Administrative and Other Expenses	1,206.61	1,627.26	1,693.63	1,662.46	1,332.86	1,031.95
Selling & Distribution Expenses	324.92	417.23	474.15	350.07	218.74	170.98

<b>Total (B)</b>	<b>34,597.54</b>	<b>37,513.50</b>	<b>33,384.29</b>	<b>19,610.22</b>	<b>16,301.67</b>	<b>11,342.38</b>
<b>EBIDTA (A-B)</b>	<b>9,328.19</b>	<b>8,811.67</b>	<b>7,309.65</b>	<b>4,423.47</b>	<b>1,833.12</b>	<b>1,314.04</b>
Other Income (Refer to Annexure-X )	(1,724.27)	(329.11)	465.73	102.88	647.12	123.97
Interest and Financial Charges	(1,972.76)	(1,757.14)	(1,451.94)	(794.54)	(284.26)	(230.69)
<b>Profit before depreciation, Tax &amp; Extraordinary Items</b>	<b>5,631.16</b>	<b>6,725.42</b>	<b>6,323.44</b>	<b>3,731.81</b>	<b>2,195.98</b>	<b>1,207.32</b>
Depreciation & Amortization	(1,295.64)	(1,120.93)	(916.86)	(746.71)	(319.70)	(267.54)
<b>Profit before Tax &amp; Extraordinary Items</b>	<b>4,335.52</b>	<b>5,604.49</b>	<b>5,406.58</b>	<b>2,985.10</b>	<b>1,876.28</b>	<b>939.78</b>
<b>Provision for Taxation</b>						
Current Tax	(485.74)	(630.35)	(1,351.21)	(317.16)	(160.86)	(110.76)
Deferred Tax	(993.33)	(1,285.31)	(493.35)	(704.84)	(488.79)	(188.37)
Fringe Benefit Tax	-	(33.78)	(31.64)	(20.00)	(14.00)	-
Taxation for Earlier Years	(7.13)	1.37	-	-	-	-
<b>Income of Earlier Years</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.46</b>
<b>Profit after Tax before extraordinary Items as per Audited Accounts</b>	<b>2,849.32</b>	<b>3,656.42</b>	<b>3,530.38</b>	<b>1,943.10</b>	<b>1,212.63</b>	<b>641.11</b>
<b>Extraordinary Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit after Tax after extraordinary Items as per Audited Accounts</b>	<b>2,849.32</b>	<b>3,656.42</b>	<b>3,530.38</b>	<b>1,943.10</b>	<b>1,212.63</b>	<b>641.11</b>
Adjustments	7.13	(8.50)	1.37	-	-	(0.46)
Current Tax Impact for Adjustments	-	-	-	-	-	-
Deferred Tax Impact for Adjustments	-	-	-	-	-	-
<b>Net Profit As Restated</b>	<b>2,856.45</b>	<b>3,647.92</b>	<b>3,531.75</b>	<b>1,943.10</b>	<b>1,212.63</b>	<b>640.65</b>
<b>Appropriations</b>						
Add: Balance brought from previous year	9,827.61	6,921.18	4,080.92	2,402.27	1,424.16	915.15
Transfer to General Reserve	-	450.00	400.00	25.00	25.00	25.00
Provision for Dividend	-	249.15	249.15	210.00	183.75	94.32
Tax on Dividend	-	42.34	42.34	29.45	25.77	12.32
<b>Balance carried Forward</b>	<b>12,684.06</b>	<b>9,827.61</b>	<b>6,921.18</b>	<b>4,080.92</b>	<b>2,402.27</b>	<b>1,424.16</b>

**Adjustment made on account of restatements are as follows:**

(Rs. In Lacs)

<b>PARTICULARS</b>	<b>For the Period ended December 31, 2009</b>	<b>For the Year ended March 31, 2009</b>	<b>For the Year ended March 31, 2008</b>	<b>For the Year ended March 31, 2007</b>	<b>For the Year ended March 31, 2006</b>	<b>For the Year ended March 31, 2005</b>
<b>Profit after Tax after extraordinary Items as per Audited Accounts</b>	<b>2,849.32</b>	<b>3,656.42</b>	<b>3,530.38</b>	<b>1,943.10</b>	<b>1,212.63</b>	<b>641.11</b>
Prior period Adjustments	7.13	(8.50)	1.37	-	-	(0.46)
Current Tax Impact for Adjustments	-	-	-	-	-	-
Deferred Tax Impact for Adjustments	-	-	-	-	-	-
<b>Net Profit As Restated</b>	<b>2,856.45</b>	<b>3,647.92</b>	<b>3,531.75</b>	<b>1,943.10</b>	<b>1,212.63</b>	<b>640.65</b>

**NOTE :** The prior period adjustments as disclosed in the table above for FY 05-06 pertains to earlier year income and the adjustments for FY 07-08 ,FY 08-09 and 9M FY 09-10 pertain to the excess tax provision of the amount Rs 1.37 Lac made for the FY 07-08 & lower tax provision of the amount Rs.7.13 Lac made for FY 08-09.

**ANNEXURE III: SUMMARY STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lacs)

Particulars	For the Period ended December 31,2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
<b>Cash Flow from Operating Activities</b>						
Profit Before Tax As Per Audited Accounts	4,335.52	5,604.49	5,406.58	2,985.10	1,876.28	940.24
<b>Adjustments for:</b>						
Depreciation & Amortization	1,295.64	1,120.93	916.86	746.71	319.70	267.54
(Profit) on Sale of Fixed Assets	-	(2.22)	(331.56)	(0.97)	(479.52)	(0.40)
Loss on Sale of Fixed Assets	7.88	4.58	72.35	29.90	12.64	0.04
Finance cost	1,972.76	1,757.14	1,451.94	794.54	284.26	230.69
<b>Operating Profit before Working Capital Changes</b>	<b>7,611.80</b>	<b>8,484.92</b>	<b>7,516.17</b>	<b>4,555.28</b>	<b>2,013.36</b>	<b>1,438.11</b>
<b>Adjustments for:</b>						
(Increase) / Decrease in Inventories	(4,219.46)	(4,689.84)	(4,087.55)	(2,425.21)	(1,075.78)	(228.61)
(Increase)/ Decrease in Sundry Debtors	(5,546.45)	(931.30)	(210.60)	(966.55)	(72.43)	81.32
(Increase)/ Decrease in Loans & Advances	282.85	755.05	(3,773.74)	(47.56)	(564.77)	(343.96)
Increase/(Decrease) in Sundry Creditors	2,668.18	1,476.53	668.05	478.28	729.57	16.05
Increase/(Decrease) in Other Liabilities	(1,468.75)	1,465.81	113.48	(20.40)	(728.97)	776.43
<b>Cash Generated from Operations</b>	<b>(671.83)</b>	<b>6,561.17</b>	<b>225.81</b>	<b>1,573.84</b>	<b>300.98</b>	<b>1,739.33</b>
Tax Paid	(496.39)	(1,351.86)	(658.73)	(247.81)	(208.87)	(69.25)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(1,168.22)</b>	<b>5,209.30</b>	<b>(432.92)</b>	<b>1,326.03</b>	<b>92.11</b>	<b>1,670.08</b>
<b>Cash Flow from Investing Activities</b>						
Purchase of fixed Assets	(5,574.96)	(11,732.14)	(7,838.46)	(2,262.70)	(10,111.61)	(3,045.58)
Investment / Withdrawal in / from Fixed Deposit	(105.24)	1.00	194.86	(195.96)	-	-
Proceeds of disposal of Fixed Assets	86.48	247.19	1,624.45	193.53	773.69	18.99
Proceeds from Investments	-	-	-	-	-	0.25
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(5,593.72)</b>	<b>(11,483.95)</b>	<b>(6,019.15)</b>	<b>(2,265.13)</b>	<b>(9,337.92)</b>	<b>(3,026.34)</b>
<b>Cash Flow from Financing Activities</b>						
Proceeds from Issue of Share Capital	2,500.00	-	1,622.55	-	-	475.90
Increase in Working Capital Loans	(2,696.52)	2,834.09	2,138.27	644.27	1,663.23	(315.05)
Proceeds from Unsecured Loans	1,459.06	(19.55)	822.41	(28.35)	394.15	(394.78)
Proceeds from Long Term Borrowings	7,809.41	5,761.39	3,999.54	1,221.24	7,726.23	1,987.33
Miscellaneous Expenditure w/off	(267.99)	-	(304.22)	-	-	-
Dividend Paid (Inclusive of Dividend Tax)	-	(198.75)	(198.75)	(239.45)	(209.52)	(184.52)
Interest Paid	(1,972.76)	(1,757.14)	(1,451.94)	(794.54)	(284.26)	(230.69)

<b>Net Cash Flow from Financing Activities ( C )</b>	<b>6,831.20</b>	<b>6,620.04</b>	<b>6,627.86</b>	<b>803.17</b>	<b>9,289.83</b>	<b>1,338.19</b>
<b>Net (Decrease) / Increase in cash and cash equivalents (A+B+C)</b>	<b>69.26</b>	<b>345.40</b>	<b>175.79</b>	<b>(135.93)</b>	<b>44.02</b>	<b>(18.07)</b>
Cash & Cash Equivalents at the beginning of the Year (D)	559.20	213.80	38.01	173.94	129.92	147.99
Cash & Cash Equivalents at the End of the Year (E)	628.46	559.20	213.80	38.01	173.94	129.92
<b>Net (Decrease) / Increase in cash and cash equivalents (E-D)</b>	<b>69.26</b>	<b>345.40</b>	<b>175.79</b>	<b>(135.93)</b>	<b>44.02</b>	<b>(18.07)</b>

**Note: Cash and cash equivalents includes :**

(Rs. In Lacs)

<b>Particulars</b>	<b>For the Period ended December 31, 2009</b>	<b>For the Year ended March 31, 2009</b>	<b>For the Year ended March 31, 2008</b>	<b>For the Year ended March 31, 2007</b>	<b>For the Year ended March 31, 2006</b>	<b>For the Year ended March 31, 2005</b>
Cash & Bank Balances	733.80	559.30	214.90	233.97	173.94	129.92
Less: Margin Money Deposits	105.34	0.10	1.10	195.96	-	-
<b>Total Cash and Cash equivalents</b>	<b>628.46</b>	<b>559.20</b>	<b>213.80</b>	<b>38.01</b>	<b>173.94</b>	<b>129.92</b>

#### **ANNEXURE –IV: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

##### **A. Significant Accounting Policies**

- **Basis Of Accounting:**

The financial statements are prepared as a going concern under historical cost convention on an accrual basis except, those with significant uncertainty and in accordance with the Companies Act, 1956. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles, reasonable estimates and assumptions and prudent commercial practices.

- **Fixed Assets:**

1. The Gross Block of Fixed asset is recorded at cost, which includes duties and other identifiable direct expenses up to the date of commissioning of the assets and wherever applicable is net of credits available under CENVAT and VAT schemes and 10 % capital subsidy granted by the Central Government on processing and garmenting machinery.
2. Incidental expenditure including interest on loans during construction period is capitalised up to the date of attainment of commercial production
3. Profit/ Loss on the sale of fixed assets is accounted for in the Profit and Loss Account and credited/debited respectively to profit and loss account.

- **Intangible Assets:**

Intangible Assets are stated at cost of acquisition less accumulated amortization. Computer Software is amortised over a period of five years. Amortisation is done on straight line basis.

- **Depreciation:**

Depreciation on fixed Assets is charged as follows:

1. Premium on leasehold land is amortised in equal installments over the period of the lease.
2. Capital expenditure on rented premises is amortised at the depreciation rate applicable to factory building under the Companies Act, 1956.
3. All assets of Dyeing, Weaving, Shirting, Garment & Export Divisions – on Straight Line Method.

4. All assets of Fabric Division – on Written Down value Method.
5. On additions to the fixed assets made during the year, depreciation is provided on pro-rata basis, with reference to the date of addition.
6. On deletion or sale of assets, no depreciation is provided.

- **Borrowing Cost:**

Interest and other cost in connection with the borrowing of funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and all other borrowings cost are charged to revenue.

- **Investments:**

Long term investments are valued at cost. Any decline other than temporary, in the value of long term investments is adjusted in the carrying value of such investments.

- **Inventories:**

1. Finished goods (other than finished fabric) are valued at cost or market value which ever is lower. The cost of finished fabrics is arrived after deducting estimated margin from the selling price of the goods.
2. Work in progress valued at cost .Cost comprises all cost of materials, cost of conversion and any other cost incurred in the production process.
3. Raw materials for weaving, shirting and fabric division is valued at cost following specific identification method. The stock of auxiliary material for process division is valued on FIFO basis. The stock of Raw materials and auxiliary material for export division is valued at standard cost with appropriate application of variances to the stock of raw materials. The damaged, unserviceable and inert raw materials are valued at net realisable value.
4. Stores and Spares and sample fabric purchases, are charged to profit and loss account in the year of purchase.
5. Stock of unsold flats is valued at cost.

- **Sales And Purchases:**

1. Sales include sale of raw materials, semi-finished goods and finished goods. Sales also include Processing charges, Garment Stitching charges, Sample charges and Duty Drawback received.
2. Value Added Tax (VAT) collected is shown as liability and netted off against VAT refund.
3. Sales and purchases are accounted net of cash discount, returns, rebate, etc.
4. Purchases also include custom duty paid on raw material imports.
5. Export sales are accounted on CIF value or FOB value basis depending on the terms of sale.
6. Export sales of samples are accounted on realisation basis.
7. Export Incentives like DEPB license or Duty Drawback available on exports are recognised on accrual basis in the year of exports.

- **Expenses**

All material known liabilities are provided for on the basis of available information/ estimates.

- **Foreign Currency Transaction:**

1. Export sales are recorded at the exchange rate prevailing on the date of the transaction. Purchases & other expenditure in foreign currencies is accounted at the exchange rate prevailing on the date the transactions are recorded in the books of the company.
2. Monetary items denominated in foreign currency are restated at the exchange rate prevailing at the year-end except for Paris Office accounts and the overall net gain / loss is adjusted to the profit & loss account.
3. Premium receivable / payable on forward contracts, if any, is amortised over the period of contract and the unamortised premium is shown under Current Liabilities / Assets.
4. Paris office transactions are accounted at the exchange rate prevailing at the time of payment.

- **Employee Benefits:**

- a. **Defined Contribution Plan**

Contribution to provident fund is accounted on accrual basis with corresponding contribution to recognised fund.

## b. Defined Benefit Plan

The Company has Defined Benefit Plan for gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. Gratuity scheme is administered through trust and the trust funds are managed under the employee gratuity scheme of LIC.

c. Company does not have any policy for Leave Encashment or any other pension plans/schemes.

- **Operating Lease:**

Operating lease payments are recognized as an expense in Profit & Loss accounts on accrual basis. Lease payments relating to project under development are capitalized to respective projects.

- **Income Tax :**

Current Tax : Provision is made for Income tax under the tax payable method based on the liability as computed after taking credit for allowances and exemptions. Current Tax provided for the year is also net of MAT Credit available under the I.T Act.

Deferred Tax : Consequent to the Accounting Standard 22- Accounting for Taxes on Income becoming mandatory effective from 1<sup>st</sup> April,2002, the differences that result between the profit offered for income tax and the profit as per financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted regulations.

- **Government Grants:**

Grants in the nature of interest subsidy under the Technology Up gradation Fund Scheme (TUFS) and capital subsidy on processing machinery are accounted for when it is reasonably certain that ultimate collection will be made.

- **Impairment Of Assets:**

1. As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine,
  - The provision for impairment loss, if any required or,
  - The reversal, if any, required of impairment loss recognized in previous periods.
2. Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.
3. Recoverable amount is determined,
 

In the case of an individual asset, at the higher of the net selling price and the value in use.

In the case of a cash-generating unit, (a group of assets that generates identified independent cash flows), at the higher of the cash generating unit's selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

- **Provision, Contingent Liabilities And Contingent Assets:**

1. Contingent Liabilities are not recognized, but disclosed in the case of,
 

A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation. or

A possible obligation, unless the probability of outflow of resources is reasonably certain.
2. Contingent Assets are neither recognised, nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance sheet date.

## B. Significant Changes In Accounting Policies

Consequent to revision of Accounting Standard – AS 15 “Employee Benefits”, the Company has adopted the revised accounting standard with effect from April 1, 2007. For FY 07-08, the Company has provided an amount of Rs. 2.26 Lacs towards outstanding gratuity liability as on 31<sup>st</sup> March, 2007. Considering the quantum and materiality of this provision, the figures for FY 06-07, FY 05-06 and FY 04-05 have not been restated.

## C. Deferred Tax Liabilities /(Assets)

(Rs. In Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
(a) Opening Deferred Tax Liability on account of Depreciation	3,662.36	2,357.37	1,837.47	1,132.63	643.83	455.46
Add: Current Year Difference	993.33	1,304.99	519.90	704.84	488.80	188.37
<b>TOTAL – A</b>	<b>4,655.69</b>	<b>3,662.36</b>	<b>2,357.37</b>	<b>1,837.47</b>	<b>1,132.63</b>	<b>643.83</b>
(b) Opening Deferred Tax Assets on account of Interest	(38.61)	(25.31)	-	-	-	-
Add: Current Year Difference	-	(13.30)	(25.31)	-	-	-
<b>TOTAL – B</b>	<b>(38.61)</b>	<b>(38.61)</b>	<b>(25.31)</b>	<b>-</b>	<b>-</b>	<b>-</b>
(c) Opening Deferred Tax Assets on account of AS-15	0.26	(1.24)	-	-	-	-
Add: Current Year Difference	-	1.50	(1.24)	-	-	-
<b>TOTAL – C</b>	<b>0.26</b>	<b>0.26</b>	<b>(1.24)</b>	<b>-</b>	<b>-</b>	<b>-</b>
(d) Opening Deferred Tax Assets on account of Expenses	(7.88)	-	-	-	-	-
Add: Current Year Difference	-	(7.88)	-	-	-	-
<b>TOTAL – D</b>	<b>(7.88)</b>	<b>(7.88)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL - (A+B+C+D)</b>	<b>4,609.46</b>	<b>3,616.13</b>	<b>2,330.82</b>	<b>1,837.47</b>	<b>1,132.63</b>	<b>643.83</b>

## D. Operating Lease

The Company has entered in to non-cancelable operating lease. The tenure of such agreements ranges from Eleven month to one hundred twenty months. There are no purchase option in these agreements. Lease agreements provide the option to Company to renew the lease period at the end of lease period.

(Rs. In Lacs)

DUE	TOTAL MINIMUM LEASE PAYMENTS OUTSTANDING			
	As at December 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Not later than one year	249.81	187.95	185.96	250.54
Later than one year and not later than five year'	568.96	330.71	247.47	108.50

later than five year	82.30	118.16	209.73	-
<b>Total</b>	<b>901.07</b>	<b>636.82</b>	<b>643.16</b>	<b>359.04</b>
Operating lease rentals debited to profit and loss accounts (net)	187.63	309.48	293.15	437.69
Operating lease capitalized to Fixed Assets	NIL	NIL	11.67	NIL

**E. Disclosure in respect of derivative instruments outstanding:**

(Figures in Lacs)

SR. NO.	PARTICULARS	CURRENCY	FORWARD AMOUNT	TYPE OF CONTRACT
<b>As on 31<sup>st</sup> December 2009</b>				
1	Against Imports	NIL	NIL	NIL
2	Against Exports	NIL	NIL	NIL
<b>As on 31<sup>st</sup> March 2009</b>				
1	Against Imports	NIL	NIL	NIL
2	Against Exports	EUR / INR	20.00	Sale
		GBP/ USD	20.00	Sale
<b>As on 31<sup>st</sup> March 2008</b>				
1	Against Imports	USD / INR	7.50	Purchase
2	Against Exports	EUR / INR	10.00	Sale
		EUR / USD	190.00	Sale
		GSB / USB	100.00	Sale
<b>As on 31<sup>st</sup> March, 2007 , 2006 and 2005</b>				
NIL				

**F. Statement of remarks appearing in Audit reports**

- **The company has no separate internal audit set-up.**

However, there are adequate internal control systems commensurate with the size of the company & nature of its business. The company has established an internal audit system in its garment units at Bangalore and same is being extended to all other locations where the company has operations.

- **The company has not maintained the prescribed accounts and records pursuant to the rules made by the Central Government for the maintenance of cost records u/s 209 (1) (d) of the Companies Act,1956.**

As informed by the company, it is already in process of maintaining cost records as prescribed u/s 209(1)(d) of the Companies Act, 1956.

**ANNEXURE V: STATEMENT OF SUNDRY DEBTORS**

(Rs. In Lacs)

Particulars	As at December 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005
(Unsecured, Considered good)						
(a) Outstanding for more than six months - Considered Good	91.51	128.04	84.84	87.81	65.25	132.67
(b) Others - Considered Good	9,533.03	3,950.05	3,061.95	2,848.38	1,904.39	1,764.54



<b>Total</b>	<b>9,624.55</b>	<b>4,078.09</b>	<b>3,146.79</b>	<b>2,936.19</b>	<b>1,969.64</b>	<b>1,897.21</b>
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(Rs. In Lacs)

Out of total debtors, the outstanding related to the concerns Associated to Promoters ,relatives and group companies /associate concerns is as under.						
Balaji Corporation	-	-	-	-	-	206.84
Golden Seam Textiles Pvt Ltd	-	-	-	-	24.15	4.35
<b>Total</b>	-	-	-	-	<b>24.15</b>	<b>211.19</b>

#### ANNEXURE VI: STATEMENT OF LOANS AND ADVANCES

(Rs. In Lacs)

Particulars	As at December 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005
(a) Loans	-	-	-	-	-	-
(b) Advances recoverable in cash or in kind or value to be received	2,206.07	2,435.86	3,187.30	1,431.99	1,382.73	890.97
(c) Deposits	2,171.34	2,224.40	2,228.01	209.58	211.28	138.27
<b>Total</b>	<b>4,377.41</b>	<b>4,660.26</b>	<b>5,415.31</b>	<b>1,641.57</b>	<b>1,594.01</b>	<b>1,029.24</b>

#### Out of total advances, the details of advances with Related Parties

<b>Advances to Related Parties</b>	-	-	-	-	-	-
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#### Out of total deposits, the details of Deposits with Related Parties

Purushottam Mandhana	809.00	809.00	809.00	13.57	13.57	11.92
Biharilal Mandhana	303.00	303.00	303.00	05.11	05.11	04.92
Manish Mandhana	541.00	541.00	541.00	10.24	10.24	09.17
Prema Mandhana	226.00	226.00	226.00	03.26	03.25	03.22
Priyavrat Mandhana	121.00	121.00	121.00	02.01	10.00	-
<b>Total</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>34.19</b>	<b>42.17</b>	<b>29.23</b>

#### ANNEXURE VII: STATEMENT OF SECURED LOANS

(Rs. In Lacs)

Particulars	As at December 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005
<b>WORKING CAPITAL</b>						
Andhra Bank	-	-	-	-	1,951.83	994.70
Bank of Maharashtra	2,350.48	3,114.82	2,208.62	1,427.80	-	-
Corporation Bank	2,254.17	2,148.07	1,703.75	751.85	917.14	538.71
Punjab National Bank	782.57	1,291.95	-	-	-	-
State Bank of Patiala	689.50	2,218.39	1,548.28	1,466.98	-	-
<b>TOTAL (A)</b>	<b>6,076.72</b>	<b>8,773.23</b>	<b>5,460.65</b>	<b>3,646.63</b>	<b>2,868.97</b>	<b>1,533.41</b>
<b>TERM LOAN</b>						
Andhra Bank	169.59	313.19	615.83	1,174.50	1,407.32	1,328.60
Bank of Maharashtra	2,215.56	2,331.79	1,833.16	842.76	-	-
Corporation Bank	1,415.86	1,696.81	2,014.70	959.51	993.00	871.02
State Bank of Patiala	7,788.95	8,244.30	8,201.73	7,589.81	6,949.28	-
IDBI	0.30	-	-	-	-	-

ICICI	1,000.00	8.87	19.20	28.60	37.56	46.19
Axis Bank Limited	5,000.00	4,642.07	3,285.73	-	-	-
Bank of Baroda	4,966.03	811.24	-	-	-	-
Indian Bank	1,249.33	1,249.48	-	-	-	-
Punjab National Bank	4,233.31	1,125.83	-	-	-	-
State Bank of India (Erstwhile State Bank of Saurashtra)	1,500.00	1,324.29	-	-	-	-
Oriental Bank of Commerce	-	-	-	1,375.03	1,357.98	-
Union Bank of India	-	-	-	-	-	782.35
<b>TOTAL (B)</b>	<b>29538.92</b>	<b>21,747.87</b>	<b>15,970.35</b>	<b>11,970.21</b>	<b>10,745.14</b>	<b>3,028.16</b>
<b>VEHICLE LOAN FROM VARIOUS BANKS (C)</b>	<b>32.15</b>	<b>13.79</b>	<b>29.92</b>	<b>30.53</b>	<b>34.35</b>	<b>25.10</b>
<b>TOTAL (A+B+C)</b>	<b>35647.79</b>	<b>30,534.89</b>	<b>21,460.92</b>	<b>15,647.37</b>	<b>13,648.46</b>	<b>4,586.67</b>

**DETAILS OF PRINCIPAL TERMS & CONDITIONS OF LOANS OUTSTANDING AS AT DECEMBER, 31<sup>st</sup> 2009.**

Nature Of Loan	Name of Institution	Sanctioned Limit	O/s. as on 31 <sup>st</sup> December 2009	Rate of Interest P.A.	Repayment Terms	Securities Offered
<b>Term Loans</b>	Andhra Bank, Fort, Mumbai.	<b>Rs. 200 Lacs</b> Vide letter dated 25/3/2006	<b>NIL</b>	BMPLR -1.50%.	12 quarterly installments without initial holiday.	Extension of charge on Fixed assets of weaving & processing divisions.
		<b>Rs. 565.00 Lacs</b> Vide letter dated 20/3/2004 - Sub Limit for LC (within Term Loan of Rs.565.00 Lac) Rs. 500.00 Lac	<b>NIL</b>	BMPLR-0.25%	16 equal quarterly installments with a moratorium of 12 months  Interest to be recovered as & when debited.	1st Charge on the Fixed Assets at Weaving Unit proposed to be acquired under the said facility.
		<b>Rs. 375.00 Lacs</b> Vide letter dated 16/3/2005 - Sub Limit for LC (within Term Loan of Rs. 375.00 Lacs) <b>Rs. 300.00 Lacs</b>	<b>Rs 169.59 Lacs</b>	Sub-BMPLR rate at BMPLR - 0.25 %	20 equal quarterly installments with a moratorium of 24 months  Interest to be recovered as & when debited.	1st Charge on the Fixed Assets at Processing Division at E-25, MIDC, Tarapur.
	Bank of Maharashtra, Nariman Point, Mumbai	<b>Rs. 1,485.00 Lacs</b> Vide letter dated 1/9/2006 - Sub Limit for One Time LC (within	<b>Rs 1,237.00 Lacs</b>	11.75% p.a. with monthly rests linked to Banks BPLR	Repayable in 96 installments of Rs. 15.47 Lacs per month with initial moratorium of 2 years.	1 <sup>st</sup> Charge on Fixed Assets by way of hypothecation of assets of Process Division at E-25, MIDC, Tarapur.

		Term Loan of Rs. 1,485.00 Lacs) Rs. 1,485.00 Lacs				
		<b>Rs. 578.00 Lacs</b>	<b>Rs.565.56 Lacs</b>	BPLR-1.00%	Initially moratorium of 24 months from the date of first disbursement.	Hypothecation of Plant & Machinery to be acquired for Process Division at E-25,MIDC,Tarapur
		<b>Rs. 413.00 Lacs</b>	<b>Rs.413.00 Lacs</b>	BPLR-1.00%	Initially moratorium of 24 months from the date of first disbursement.	Hypothecation of Plant & Machinery to be acquired for Process Division at E-25,MIDC,Tarapur
	Corporation Bank, IFB, Mumbai.	<b>Rs. 1,237.00 Lacs</b> Vide letter dated 19/01/2007  - Sub Limit for One Time LC (within Term Loan of Rs. 1,237.00 Lacs) Rs. 1,150.00 Lacs	<b>Rs.966.45 Lacs</b>	12.00% p.a. subject to revision from time to time.	32 equal quarterly installments of Rs. 38.67 Lacs after a moratorium of 12 months from the 1 <sup>st</sup> disbursement.  Interest to be paid separately as & when due.	Exclusive 1 <sup>st</sup> charge on the entire fixed assets (except vehicles) of the company situated at Bangalore (Unit II) acquired or to be acquired out of Bank Finance with estimated cost of Rs. 1373.00 Lacs (excluding security deposit of Rs. 127.00 Lacs)
		<b>Rs. 625.00 Lacs</b> Vide letter dated 27/9/2006	<b>Rs.261.90 Lacs</b>	12.00% p.a. subject to revision from time to time.	20 quarterly installments of Rs. 31.25 Lacs starting from 31/8/2006 Interest to be paid separately as & when due.	Exclusive 1 <sup>st</sup> charge on the entire fixed assets (except vehicles) of the company situated at Bangalore & Vikhroli
		<b>Rs. 475.00 Lacs</b> Vide letter dated 27/9/2006	<b>Rs.187.51 Lacs</b>	12.00% p.a. subject to revision from time to time.	20 quarterly installments of Rs. 23.75 Lacs starting from 1/5/2008 Interest to be paid separately as & when due.	Exclusive 1 <sup>st</sup> charge on the entire fixed assets (except vehicles) of the company situated at Bangalore & Vikhroli Exclusive 1 <sup>st</sup> charge on Gala 154 & 155 at Kewal Indl. Estate, Lower Parel
	State Bank of Patiala, Nariman Point, Mumbai.	<b>Rs. 7,095.00 Lacs</b> Vide letter dated 6/6/2005  - Sub Limit of LC (within Term Loan of Rs. 7,095.00	<b>Rs.4,875.00 Lacs</b>	1.5% below BPLR.	31 equal quarterly installments of Rs. 222.00 Lacs commencing from September 2007 and last installment of Rs. 213.00 Lacs	1 <sup>st</sup> charge on fixed assets of shirting division including equitable mortgage of immovable properties at Plot No. C-2, MIDC, Tarapur, Palghar.

		<p>Lacs) Rs. 3,000.00Lacs</p> <p><b>Rs. 660.00 Lacs</b> Vide Letter dated 2/11/2006</p> <p>- Sub Limit of LC (within Term Loan of Rs. 660.00 Lacs) Rs. 400.00 Lacs</p> <p><b>Rs. 4,125.00 Lacs</b> Vide letter dated 30/3/2007</p> <p>- Sub Limit of LC (within Term Loan of Rs. 4125.00 Lacs) Rs. 3500.00 Lacs</p>	<p><b>Rs. 534.00 Lacs</b></p> <p><b>Rs.2,379.95 Lacs</b></p>	<p>2% below BPLR.</p> <p>1.00% below BPLR</p>	<p>32 equal quarterly installments of Rs. 20.63 Lacs after a moratorium of 24 months from the 1<sup>st</sup> disbursement.</p> <p>32 equal quarterly installments of Rs. 128.91 Lacs after a moratorium of 24 months from the 1<sup>st</sup> disbursement.</p>	
	IDBI Bank ,Mumbai	Rs 26.30 Lacs & Rs 23.70 Lacs Housing Loan	<b>Rs. 0.30 Lacs</b>	7% per annum (Floating)	<p><u>Repayment:</u> Interest on all amounts disbursed till Home Loan is not fully disbursed or 12 months have not lapsed from the date of first disbursement Whichever is earlier. Equated Monthly installment thereafter for 60months.</p>	
	Axis Bank Limited*	<b>Rs.5,000.00 Lacs (Vide Letter dated 03.10.2008)</b>	<b>Rs.5,000.00 Lacs</b>	BPLR-2.75%	<p>Tenor 11 years including 3 years moratorium</p> <p>In 32 Installments commencing from 13<sup>th</sup> Quarter</p>	Under IPO Project : Pari Passu charge on the entire fixed assets of the company, present and future, along with other term lenders excluding the assets already charges on exclusive basis.
	Bank of Baroda*	<b>Rs. 8,000.00 Lacs.</b>	<b>Rs.4,966.03 Lacs</b>	1.75% below BPLR	In 32 quarterly installments after a moratorium of 3 years	<p>The Joint hypothecation on movable properties and joint equitable mortgage on the immovable properties shall be created Disbursement to be made on execution of interim individual documentation of</p>

	Indian Bank *	<b>Rs.1,250.00 Lacs</b>	<b>Rs.1,249.33 Lacs</b>	BPLR+TP-1.50% Floating	In 32 quarterly installments after a moratorium of 3 years	participating banks/FI' s 1 <sup>st</sup> pari passu charge on all the present and future immovable & movable fixed assets, excluding assets charged on exclusive basis shared by all the terms lenders of the project. 2 <sup>nd</sup> Pari passu charge on all present & future current assets, excluding assets charged on exclusive basis
	Punjab National Bank *	<b>Rs. 4,500.00 Lacs.</b>	<b>Rs.4,233.31 Lacs</b>	BPLR+0.50(Term Premium)-2%	In 32 quarterly installments after a moratorium of 3 years	1 <sup>st</sup> pari passu charge on all the present and future immovable & movable fixed assets, excluding assets charged on exclusive basis shared by all the terms lenders of the project. 2 <sup>nd</sup> Pari passu charge on all present & future current assets, excluding assets charged on exclusive basis.
	State Bank of India(Erstwhile State Bank of Saurashtra) *	<b>Rs.3,000.00 Lacs</b>	<b>Rs.1,500.00 Lacs</b>	Floating rate at 1.75% below BPLR,	In 32 quarterly installments after a moratorium of 3 years	1 <sup>st</sup> pari passu charge on all the present and future immovable & movable fixed assets, excluding assets charged on exclusive basis shared by all the terms lenders of the project. 2 <sup>nd</sup> Pari passu charge on all present & future current assets, excluding assets charged on exclusive basis.
	ICICI Bank Limited	<b>Rs. 1,000.00 Lac</b>	<b>Rs. 1,000.00 Lac</b>	12.25% p.a.	Repayable in 8 equal Quarterly Installment commencing from 15 March, 2010	Equitable Mortgage over Property situated at 207 A&B at Peninsula Centre, Parel Mumbai.
<b>Working Capital (WC)</b>	Bank of Maharashtra, Nariman Point, Mumbai.	<b>Rs. 2,700.00 Lacs</b> in Foreign Currency  <b>Rs. 800.00 Lacs</b> in Indian Rupee  <b>Rs. 450.00 Lacs</b> Inland /	<b>Rs. 2,350.48 Lacs</b>  <b>Nil</b>  <b>Rs. 333.65 Lacs</b>	LIBOR + 500 bps (resting of LIBOR on 1 <sup>st</sup> of every month)  11.75% p.a. with monthly rest linked to Bank's BPLR	Six Months, to be rolled over after every six months	Hypothecation of Stock & Receivables.

		Import LC  <b>Rs. 150.00 Lacs</b> Bank Guarantee	<b>Rs.148.84 Lacs</b>			NIL margin
	Corporation Bank, IFB, Mumbai	<b>Rs. 1,850.00 Lacs</b> PCL / PCFC Vide letter dtd.23.12.2008 with inter changeability of Rs 750 Lacs From PSCFC Limit  <b>Rs. 1,750.00 Lacs</b> FDBN / FDBP / PSCFC with full inter changeability from PCFC limit  <b>Rs. 100.00 Lacs</b> Inland / Import LC (DA / DP)  <b>Rs. 100.00 Lac</b> Bank Guarantee  <b>Rs. 500.00 Lac</b> Derivative Limit  <b>Rs. 6,500.00 Lac</b> Forward Purchase Contract  <b>Rs. 1,000.00 Lac</b> Forward Sale Contract	<b>Rs 2,254.17 Lacs</b>  <b>Rs. 922.84 Lacs</b>  <b>NIL</b>  <b>Rs. 92.09 Lac</b>	9.50% p.a. subject to revision from time to time – Subvention credit of 2%  9.50% p.a. up to 90 days & 11.50% p.a. above 90 days up to 180 days subject to revision from time to time.  Commission at prescribed rates  Commission at prescribed rates	Within 180 days from the date of availment of .each PCL against the proceeds of export bills.  Sight Bills to be paid within the normal transit period. Tenor not to exceed 180 days from the date of Bill of Lading in case of usance bills.  DP / DA (Usance not to exceed 90 days)  Validity Period – One Year	Hypothecation of Inventory for Export.  Post Shipment shall be secured by hypothecation charge over export receivables of the company.  Extension of hypothecation charge on stock / receivables relating to export activity.  10% Margin  Extension of hypothecation charge on stock / receivables relating to export activity.
	Punjab National Bank	<b>Rs.1,500.00 Lac</b>	<b>Rs. 782.57 Lac</b>	Interest to be charged on		Exclusive and 1 <sup>st</sup> charge by way of Hypothecation of

				mutually agreed terms At present PLR-1%		Raw Materials, work in Progress, finished goods and Books Debts related to the Tumkur Division, Bangalore UNIT IV.
	State Bank of Patiala,) Nariman Point, Mumbai	<b>Rs. 2,500.00 Lac</b>	<b>Rs 689.50 Lac</b>	1% below BPLR		1 <sup>st</sup> charge on hypothecation of current assets of the company at Plot No C-2, MIDC, Tarapur, Palghar.  2 <sup>nd</sup> charge on fixed assets of shirting division situated at C-2, MIDC, Tarapur, Palghar including equitable mortgage of Land.  10% Margin
		<b>- Rs. 600.00 Lac</b> LC's for WC	<b>Rs.575.83 Lac</b>	Usance period – 90 days.		

\* Barring these facilities, all the facilities are secured by the Personal Guarantee of the Directors.

(Rs. In Lacs)

Particulars	Name of Bank	Amount O/s. as on 31/12/2009
Vehicle Loan	ICICI Bank	Rs. 18.65
	Bank of India	Rs. 5.41
	Kotak Mahindra Pvt Ltd	Rs. 8.09
<b>TOTAL</b>		<b>Rs. 32.15</b>

#### ANNEXURE VIII: STATEMENT OF UNSECURED LOANS

(Rs. In Lacs)

Particulars	As at December 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005
(a) Loans from the Concerns Associated to Promoters ,relatives and group companies /associate						
- Mahan Synthetics Pvt. Ltd	-	-	-	-	-	112.98
(b) Loan from Banks	2,740.70	1,281.64	1,301.19	478.78	507.13	-
<b>Total</b>	<b>2,740.70</b>	<b>1,281.64</b>	<b>1,301.19</b>	<b>478.78</b>	<b>507.13</b>	<b>112.98</b>

#### **DETAILS OF PRINCIPAL TERMS & CONDITIONS OF UNSECURED LOANS OUTSTANDING AS AT DECEMBER 31st, 2009.**

Name of Institution	Sanctioned Limit	O/s. as on 31 <sup>st</sup> December, 2009	Rate of Interest P.A.	Repayment Terms	Securities Offered
DBS Bank Ltd, Fort, Mumbai.	<b>Rs. 651.00 Lacs</b> Factoring Facility	<b>Rs.240.70 Lacs</b>	13.00% p.a.	Maximum 90 days tenor	Personal Guarantee of All the Directors.

	- Rs. 351.00 Lacs for Sales Invoice Discounting - Rs. 300.00 Lacs for Purchase Bills Discounting				
Bank of Baroda	<b>Rs. 1,000.00 Lacs</b>	<b>Rs.1,000.00 Lacs</b>	10.50% p.a.	Repayable on 30 <sup>th</sup> April 2010	Nil
Bank of Baroda	<b>Rs. 1,500.00 Lacs</b>	<b>Rs.1,500.00 Lacs</b>	10.50% p.a.	Repayable on 31 <sup>st</sup> May 2010	Nil

#### ANNEXURE IX: STATEMENT OF INCOME FROM OPERATIONS

(Rs. In Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
(a) Domestic Sales						
Manufacturing	35,216.51	31,375.29	29,180.62	16,127.35	10,749.43	6,792.59
Trading	86.24	81.32	80.86	154.80	108.34	147.33
<b>Total (a)</b>	<b>35,302.75</b>	<b>31,456.61</b>	<b>29,261.48</b>	<b>16,282.15</b>	<b>10,857.77</b>	<b>6,939.92</b>
(b) Export Sales (Inclusive of Duty Drawback)						
Manufacturing	7,523.15	13,570.95	10,243.48	6,933.82	6,048.15	4,666.39
Trading	3.19	40.40	21.35	2.26	2.90	19.13
<b>Total (b)</b>	<b>7,526.34</b>	<b>13,611.35</b>	<b>10,264.83</b>	<b>6,936.08</b>	<b>6,051.05</b>	<b>4,685.52</b>
(c) Processing & Services Charges (Net of Excise Duty)	1,096.94	1,257.21	1,167.63	815.46	1,225.97	1,030.98
<b>Total (a+b+c)</b>	<b>43,925.73</b>	<b>46,325.17</b>	<b>40,693.94</b>	<b>24,033.69</b>	<b>18,134.79</b>	<b>12,656.42</b>

#### ANNEXURE X: STATEMENT OF OTHER INCOME

(Rs. In Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005	Remarks
<b>Business Income</b>							
(a) Interest Income	25.54	28.17	30.79	4.56	18.55	16.43	<b>Recurring</b>
(b) Miscellaneous Income #	118.35	93.57	(41.78)	39.21	95.99	38.56	<b>Recurring</b>
(c) Foreign Exchange Fluctuation	(1,860.29)	(448.49)	217.51	88.04	65.70	68.62	<b>Recurring</b>
<b>Non Business Income</b>							
(a) Profit & (Loss) on sales of Assets	(7.88)	(2.36)	259.21	(28.93)	466.88	0.36	<b>Non Recurring</b>
<b>Total</b>	<b>(1,724.27)</b>	<b>(329.11)</b>	<b>465.73</b>	<b>102.88</b>	<b>647.12</b>	<b>123.97</b>	



#### # DETAILS OF MISCELLANEOUS INCOME

(Rs. In Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
Claim on Raw Material Purchase	-	0.53	0.39	6.85	0.60	3.78
Discount received on Purchases	28.00	20.95	19.33	4.35	1.26	-
Dividend	-	-	-	-	-	0.14
Exchange Fluctuation on Foreign Currency Working Capital Loan	-	-	(58.28)	-	9.51	16.34
Export Entitlement Received	60.13	-	-	-	-	-
Forward Contract Premium	-	3.99	-	-	-	-
Insurance Received	0.86	1.01	0.05	1.62	64.42	11.46
Rent	1.71	1.53	6.75	7.79	4.85	6.43
MSEB Electricity Refund	37.39	29.39	-	-	-	-
Sale Garment Quota	-	-	-	-	-	0.03
Sales of Scrap (Fabrics)	0.93	1.12	-	3.00	-	-
Sales Tax Refund A/c	-	23.62	3.64	-	-	-
Sundry Balance W/off	(10.67)	11.43	(13.68)	15.61	15.35	0.39
<b>TOTAL</b>	<b>118.35</b>	<b>93.57</b>	<b>(41.78)</b>	<b>39.21</b>	<b>95.99</b>	<b>38.56</b>

Note : The Miscellaneous Income has been classified as recurring as they occur in routine course of business and none of them are in the nature of one time receipts.

#### ANNEXURE XI: STATEMENT OF CONTINGENT LIABILITY

(Rs. In Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
Export Invoices discounted with the Banks	922.84	846.33	668.59	418.69	680.91	312.61
Domestic Sales invoices discounted with the Banks	-	-	769.48	-	-	-
Income Tax Demand	103.28	74.71	82.74	119.37	55.12	22.94
Corporate Guarantee	-	-	-	1,628.00	390.00	-
Excise Duty Demand	312.76	312.76	312.76	312.76	-	-
Water Charges Demand	-	518.51	518.51	518.51	-	-
Bank Guarantee*	240.93	154.18	44.18	44.18	-	-
<b>Total</b>	<b>1,579.81</b>	<b>1,906.49</b>	<b>2,396.26</b>	<b>3,041.51</b>	<b>1,126.03</b>	<b>335.55</b>

\* Includes guarantees given to Sales Tax department, Customs department, Maharashtra Pollution Control Board and Maharashtra State Electricity Board

**CAPITAL COMMITMENTS:**

(Rs. In Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
Estimated amount of contracts remaining to be executed on Capital Account	746.43	2,230.16	202.46	224.00	30.17	NIL

Note : The Outstanding capital commitment represent the inland /foreign letters of credit (LC) opened in favor of suppliers.

**ANNEXURE XII : STATEMENT OF ACCOUNTING RATIOS**

Particulars	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05
Restated Net Profit after Tax (Rs. in Lacs)(A)	2,856.45	3,647.92	3,531.75	1,943.10	1,212.63	640.65
Nominal Value of Equity Share (Rs.)	10	10	10	10	10	10
Total number of Equity Share outstanding at the beginning of the year - Fully paid up (in Lacs)	113.25	113.25	105.00	105.00	105.00	57.40
Equity Share Issued on (In Lacs)						
18-Feb-05	-	-	-	-	-	47.60
25-Jul-07	-	-	5.75	-	-	-
19-Mar-08	-	-	2.50	-	-	-
21-Aug-09 (Bonus Issue)	113.25	-	-	-	-	-
15-Sep-09	21.74	-	-	-	-	-
Total number of Equity Share Outstanding at the end of the year -Fully paid up (in Lacs)	248.24	113.25	113.25	105.00	105.00	105.00
Adjustment in respect of Bonus Share issued on 21 August, 2009 (in Lacs) **	-	113.25	113.25	105.00	105.00	105.00
Weighted Average Number of Equity Shares Outstanding during the year (in Lacs) - Considered for Basic EPS (B)	235.04	226.50	222.26	210.00	210.00	167.88
Weighted Average Number of Equity Shares Outstanding during the year (in Lacs) - Considered for Diluted EPS (C)	235.04	226.50	222.26	210.00	210.00	167.88
*Basic EPS (Rs.) – (A/B)	12.15	16.11	15.89	9.25	5.77	3.82
*Diluted EPS (Rs.) – (A/C)	12.15	16.11	15.89	9.25	5.77	3.82
Restated Net Worth excluding revaluation reserve & Extraordinary item [A] (Rs in Lacs)	18424.37	13,335.92	9,979.49	5,423.16	3,719.51	2,716.40
Number of Shares outstanding at the end of the year [B] (in Lacs)	248.24	113.25	113.25	105.00	105.00	105.00
Additional shares considered on account of the bonus issue in the ratio of 1:1[C] (in Lacs)	-	113.25	113.25	105.00	105.00	105.00
<b>Net Asset Value per Equity Share (Rs.) [A/B]</b>	<b>74.22</b>	<b>117.76</b>	<b>88.12</b>	<b>51.64</b>	<b>35.42</b>	<b>25.88</b>
<b>Diluted Net Asset Value per Equity Share (Rs.) [A/(B+C)]</b>	<b>74.22</b>	<b>58.88</b>	<b>44.06</b>	<b>25.82</b>	<b>17.71</b>	<b>12.94</b>
<b>*Return on Net Worth (%)</b>	<b>15.50</b>	<b>27.35</b>	<b>35.39</b>	<b>35.83</b>	<b>32.60</b>	<b>23.58</b>

\* Not Annualised

\*\* The number of Equity Share outstanding during the previous years have been adjusted as per AS -20 for the issue of bonus shares being issue of share without the corresponding change in resources.

**Note:**

The ratios have been computed as below:

$$\text{Return on Net Worth} = \frac{\text{Net Profit after Tax as restated, excluding extraordinary item}}{\text{Net Worth excluding revaluation reserve at the end of the year /period}}$$

$$\text{Basic Earning Per Share} = \frac{\text{Net Profit Attributable to Equity Shareholders as restated, excluding extraordinary item}}{\text{Weighted Average Number of Shares outstanding during the year /period}}$$

$$\text{Diluted Earning Per Share (Rs)} = \frac{\text{Net Profit Attributable to Equity Shareholders as restated, excluding extraordinary item}}{\text{Weighted Average Number of Shares outstanding during the year /period}}$$

$$\text{Net Asset Value per equity Share} = \frac{\text{Net worth excluding revaluation reserve}}{\text{Number of equity shares outstanding at the end of the year /period}}$$

$$\text{Diluted Net Asset Value per equity Share} = \frac{\text{Net worth excluding revaluation reserve}}{\text{Number of equity shares outstanding at the end of the year /period} + \text{Shares issued under Bonus issue}}$$

**Note:**

- Net profit, as restated as appearing in the summary statement of profits and losses, of the Company has been considered for the purpose of computing the above ratios.
- Earnings per share is calculated in accordance with Accounting Standard 20 on 'Earnings per Share', issued by the Institute of Chartered Accountants of India
- Face value of the shares has been considered at Rs.10 for all the years for calculating the ratios on a uniform basis

**ANNEXURE XIII : STATEMENT OF CAPITALISATION**

(Rs. In Lacs)

Particulars	Pre-Issue as at December 31, 2009	As Adjusted For Issue
<b>Debt</b>		
Short Term Debt	11,432.17	-
Long Term Debt (A)	26,956.32	-
<b>TOTAL</b>	<b>38,388.49</b>	-
<b>Shareholders' Fund</b>		
Share Capital	2,482.39	-
Reserves & Surplus after deducting Misc. Exp. Not written off.	15,941.98	-
<b>TOTAL Shareholders' Fund (B)</b>	<b>18,424.37</b>	-
Long Term Debt / Shareholders' Fund (A/B)	1.46	-
Total Debt / Shareholders' Fund (C/D)	2.08	-

**Note:**

- Short Term Debt includes Rs.2,614.75 Lac term as loan installments repayable within one year.
- Information pertaining to Share Capital & Reserves post Issue can be ascertained only after completion of the book-building process.

**ANNEXURE XIV : STATEMENT OF DIVIDEND**

(Rs. In Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
<b>ON EQUITY SHARES</b>						
Paid Up Share Capital	2482.39	1132.50	1132.50	1050.00	1050.00	1050.00
Face Value (Rs.)	10	10	10	10	10	10
Rate of Dividend (%)	-	22.00	22.00	20.00	17.50	15.00
Amount of Dividend	-	249.15	249.15	210.00	183.75	94.31
Corporate Dividend Tax	-	42.34	42.34	29.45	25.77	12.33

**ANNEXURE XV: STATEMENT OF TAX SHELTER**

(Rs. In Lacs)

Particulars	For the Period ended December 31, 2009	For the Year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005
<b>PROFIT BEFORE TAX AS PER BOOKS (A)</b>	4,335.52	5,604.49	5,406.58	2,985.10	1,876.28	939.79
Rate of Tax (%)	33.99%	33.99%	33.99%	33.66%	33.66%	36.59%
Tax Rate (MAT)	17.00%	11.33%	11.33%	11.22%	11.22%	7.84%
Tax at actual rate on Book Profit	1,473.64	1,904.97	1,837.70	1,004.78	631.56	343.89
<b>Adjustments:</b>						
<b>Timing Differences</b>						
Difference Between Tax						
Depreciation & Book Depreciation	2930.29	3842.38	1599.90	2,070.44	1,459.39	657.71
Other Adjustments	-	(44.73)	(85.91)	-	-	-
<b>Permanent Differences</b>	(23.83)	(5.78)	(77.05)	(30.02)	(13.72)	0.08
<b>Net Adjustments (B)</b>	2,906.46	3,791.87	1,436.94	2,040.42	1,445.67	657.79
Tax Savings thereon	987.90	1,288.86	488.42	686.81	486.61	240.70
Profit & Loss as per Income Tax returns (D) = (A - B)	1,429.06	1,812.62	3,969.64	944.68	430.61	282.00
Brought Forward Losses Adjusted	NIL	NIL	NIL	NIL	NIL	NIL
Taxable Loss / Income	1,429.06	1,812.62	3,969.64	944.68	430.61	282.00
Taxable Income as per MAT	4,335.52	5,570.71	5,406.58	2,985.10	1,876.28	939.79
<b>Tax as per Income Tax Returns</b>	736.82*	631.16	1,349.28	334.93	157.89	103.19

\*It Includes Provision for MAT credit of Rs. 251.08 Lacs for which Company will receive Credit .

**ANNEXURE XVI: STATEMENT OF RELATED PARTY TRANSACTIONS**
**Related Party Transactions**

In accordance with Accounting Standard 18 – “Related Party Disclosure” issued by the Institute of Chartered Accountants of India, the company has compiled the required information as detailed below  
(As identified and disclosed by the management):

**Name of Related Parties:**

**Associates** (Enterprises in key management personnel or their relatives exercise significant influence)

1. Mahan Synthetics Textiles Private Limited
2. Paxar India Pvt Ltd (formerly known as Mandhana Bornemann Industries Private Limited)
3. Indus Fila Limited
4. Golden Seam Textile Private Limited
5. Balaji Corporation

**Key Managerial Personnel**

Biharilal Mandhana  
Purushottam Mandhana  
Manish Mandhana

**Relatives of Key Managerial Personnel:**

Govindlal Mandhana  
Narayandas Mandhana  
Prakash Mandhana  
Shashikant Mandhana  
Ashok Mandhana  
Nitin Mandhana  
Prema Mandhana  
Priyavart Mandhana  
Sudha B. Mandhana  
Sangeeta M. Mandhana  
Preeti Mandhana

(Rs. In Lacs.)

<b>Transactions with Associate Concern</b>						
<b>Nature Of Transaction</b>	<b>9M FY 09-10</b>	<b>FY 08-09</b>	<b>FY 07-08</b>	<b>FY 06-07</b>	<b>FY 05-06</b>	<b>FY 04-05</b>
<b>Sale of Fabrics &amp; Garments</b>						
Mahan Synthetics Textiles Pvt. Ltd.	-	-	-	-	-	-
Indus Fila Limited	-	-	-	-	9.80	13.37
Golden Seam Textile Pvt. Ltd.	317.43	601.76	354.65	158.24	46.81	94.79
<b>Total</b>	<b>317.43</b>	<b>601.76</b>	<b>354.65</b>	<b>158.24</b>	<b>56.61</b>	<b>108.16</b>
<b>Purchase of Fabric / Auxiliary Material</b>						
Mahan Synthetics Textiles Pvt. Ltd.	-	-	-	-	-	165.90
Golden Seam Textile Pvt. Ltd.	1.40	246.50	93.78	2.55	6.09	76.70
Paxar India Pvt. Ltd. (Formerly Mandhana Bornemann Industries Pvt. Ltd.)	-	-	-	-	6.10	4.10
<b>Total</b>	<b>1.40</b>	<b>246.50</b>	<b>93.78</b>	<b>2.55</b>	<b>12.19</b>	<b>246.70</b>
<b>Outstanding as on Period ended</b>						
<b>Payable / (Receivable)</b>						
Golden Seam Textile Pvt. Ltd.	-	-	-	-	-	2.57
Mandhana Bornemann Industries Pvt Ltd	-	-	-	-	-	1.55
Paxar India Pvt. Ltd.	-	-	-	-	1.01	-
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>1.01</b>	<b>4.12</b>

(Rs. In Lacs)

<b>Loan Taken From</b>	<b>9M FY 09-10</b>	<b>FY 08-09</b>	<b>FY 07-08</b>	<b>FY 06-07</b>	<b>FY 05-06</b>	<b>FY 04-05</b>
<b>Balaji Corporation</b>						
Maximum outstanding Balance during the Year	1497.85	364.80	170.00	20.00	263.95	477.90
Outstanding Balance as on 31 <sup>st</sup> March	Nil	Nil	Nil	Nil	Nil	112.98
<b>Mahan Synthetics Textiles Private Limited</b>						

Maximum outstanding Balance during the Year	Nil	Nil	Nil	Nil	127.18	36.19
Outstanding Balance as on 31 <sup>st</sup> March	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL</b>						
Maximum outstanding Balance during the Year	<b>1497.85</b>	<b>364.80</b>	<b>170.00</b>	<b>20.00</b>	<b>391.13</b>	<b>514.09</b>
Outstanding Balance as on 31 <sup>st</sup> March	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>112.98</b>

(Rs. In Lacs)

Loan Given To	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05
<b>Balaji Corporation</b>						
Maximum outstanding Balance during the Year	204.10	467.45	506.55	1743.24	1211.97	645.10
Outstanding Balance as on 31 <sup>st</sup> March	Nil	Nil	Nil	Nil	Nil	Nil
<b>Mahan Synthetics Textiles Private Limited</b>						
Maximum outstanding Balance during the Year	Nil	Nil	114.50	Nil	Nil	Nil
Outstanding Balance as on 31 <sup>st</sup> March	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL</b>						
Maximum outstanding Balance during the Year	<b>204.10</b>	<b>467.45</b>	<b>621.05</b>	<b>1743.24</b>	<b>1211.97</b>	<b>645.10</b>
Outstanding Balance as on 31 <sup>st</sup> March	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

(Rs. In Lacs)

Transactions with Key Managerial Personnel						
Nature Of Transaction	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05
<b>Directors Remuneration &amp; Perquisites</b>						
Purushottam Mandhana	108.00	90.00	72.00	72.00	36.30	9.00
Biharilal Mandhana	27.00	22.50	18.00	18.00	18.00	4.50
Manish Mandhana	81.00	67.50	54.00	54.00	18.22	4.50
Perquisites	-	-	-	-	-	2.46
<b>Total</b>	<b>216.00</b>	<b>180.00</b>	<b>144.00</b>	<b>144.00</b>	<b>72.52</b>	<b>20.46</b>
<b>Rent</b>						
Purushottam Mandhana	8.72	11.63	11.63	80.18	74.31	60.90
Biharilal Mandhana	3.28	4.37	4.37	30.09	27.89	25.60
Manish Mandhana	5.83	7.77	7.77	53.59	49.66	45.60
<b>Dividend Paid to</b>						
Biharilal Mandhana	-	18.50	18.50	16.82	15.77	13.52
Purushottam Mandhana	-	19.37	19.37	17.61	16.07	13.77
Manish Mandhana	-	20.72	20.72	18.84	17.36	14.88
<b>Deposits against rented premises</b>						
Purushottam Mandhana	809.00	809.00	809.00	13.57	13.57	11.92
Biharilal Mandhana	303.00	303.00	303.00	5.11	5.11	4.92
Manish Mandhana	541.00	541.00	541.00	10.24	10.24	09.17

(Rs. In Lacs)

Transactions with Relatives of Key Managerial Personnel						
Nature Of Transaction	9M FY09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05
<b>Directors Remuneration &amp; Perquisites</b>						
Govindlal Mandhana	-	-	-	-	-	-
Narayandas Mandhana	-	-	-	-	-	-
Prakash Mandhana	-	-	-	-	-	-

Shashikant Mandhana	-	-	-	-	-	-
Ashok Mandhana	-	-	-	-	-	-
Nitin Mandhana	-	-	-	-	-	-
<b>Salary &amp; Allowances</b>						
Preeti Mandhana	-	-	-	2.00	2.35	-
<b>Rent</b>						
Prema Mandhana	2.44	3.25	3.25	22.41	20.77	19.00
Priyavrat Mandhana	1.30	1.88	1.74	24.35	11.11	28.69
<b>Dividend Paid to</b>						
Prema Mandhana	-	19.18	19.13	17.39	17.45	14.96
Sudha B. Mandhana	-	19.15	19.15	17.41	15.28	13.10
Priyavrat Mandhana	-	36.15	36.15	32.86	28.58	24.50
Biharilal Mandhana (HUF)	-	12.08	12.08	10.98	10.48	8.99
Preeti Mandhana	-	-	-	-	0.79	0.68
Vinay B Mandhana	-	5.27	5.27	4.79	4.41	3.78
Manish Mandhana (HUF)	-	8.62	8.62	7.84	7.30	6.26
Sangita M Mandhana	-	12.23	12.19	11.08	10.57	9.06
Purushottam Mandhana(HUF)	-	35.35	35.35	32.14	29.00	24.86
Muskan M Mandhana	-	4.51	4.51	4.10	3.59	3.08
Arnav M Mandhana	-	8.95	8.95	8.14	7.12	6.11
<b>Deposits against rented premises</b>						
Prema Mandhana	226.00	226.00	226.00	3.26	3.25	3.22
Priyavrat Mandhana	121.00	121.00	121.00	2.01	10.00	-

#### ANNEXURE – XVII: STATEMENT OF INVESTMENTS

(Rs. In Lacs)

For the Period ended	No. of Share	As at December 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005
-Trade (Unquoted)							
Sangli Urban Co-Op Bank Ltd.	10	0.001	0.001	0.001	0.001	0.001	0.001
Asia Television Network Ltd.	500	0.05	0.05	0.05	0.05	0.05	0.05
<b>Total</b>		<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>

Quoted investments – Not Applicable

**ANNEXURE – XVIII : SEGMENT REPORTING**

**BUSINESS SEGMENT**

*(Rs. in lacs)*

Particulars	Textiles										Garment										Total				
	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05	
External Revenue	35,870.16	30,867.68	29,328.25	16,794.60	12,064.60	7,778.90	7,340.28	14,306.33	10,478.74	6,820.26	5,723.36	4,535.04	43,210.44	45,174.01	39,806.99	23,614.86	17,787.96	12,313.94							
Internal Segment Revenues	2,339.94	2,071.36	1,588.96	923.76	361.09	167.06	-	-	-	-	-	-	2,339.94	2,071.36	1,588.96	923.76	361.09	167.06							
Other Allocable Income	-	-	-	-	-	-	715.29	1,151.16	886.95	418.83	346.83	342.48	715.29	1,151.16	886.95	418.83	346.83	342.48							
Total Revenues	38,210.10	32,939.04	30,917.21	17,718.36	12,425.69	7,945.96	8,055.57	15,457.49	11,365.69	7,239.09	6,070.19	4,877.52	46,265.67	48,396.53	42,282.90	24,957.45	18,495.88	12,823.48							
<b>Less : Elimination</b>	2,339.94	2,071.36	1,588.96	923.76	361.09	167.06	-	-	-	-	-	-	2,339.94	2,071.36	1,588.96	923.76	361.09	167.06							
<b>NET REVENUES</b>	35,870.17	30,867.68	29,328.25	16,794.60	12,064.60	7,778.90	8,055.57	15,457.49	11,365.69	7,239.09	6,070.19	4,877.52	43,925.73	46,325.17	40,693.94	24,033.69	18,134.79	12,656.42							
<b>Segment Result</b>	5,970.13	4,100.30	3,711.40	2,809.93	970.79	383.68	2,062.43	3,590.44	2,681.39	866.84	542.63	662.83	8,032.56	7,690.74	6,392.79	3,676.77	1,513.42	1,046.51							
Other Non-Allocable Income / (Expenditure)																									
Non-Operating Income																									
Interest Cost																									
Provision For Taxes																									
<b>Net Profit</b>																									
<b>Other Information</b>																									



<b>Segment Assets</b>	48,839.08	37,430.61	23,768.81	4,775.38	15,012.67	5,730.42	19,662.61	17,494.69	15,299.98	19,147.43	4,303.12	2,823.39	68,501.69	54,925.30	39,068.79	23,922.81	19,315.79	8,553.81
Unallocable Corporate Assets													328.74	62.60	346.95	1,883.76	1,697.9	1217.79
<b>Total Assets</b>													68,830.43	54,987.90	39,415.74	25,806.57	21,013.69	9,771.60
<b>Segment Liabilities</b>	37,531.05	28,984.68	18,405.44	1,328.75	12,001.60	3,673.76	7,951.70	8,726.68	7,755.05	15,363.69	2,797.56	1,815.27	45,482.75	37,711.36	26,160.49	16,692.44	14,799.16	5,489.03
Unallocable Liabilities													4,923.31	3,933.50	3,277.14	1,853.52	1,362.41	922.33
<b>Total Liabilities</b>													50,406.06	41,644.86	29,437.63	18,545.96	16,161.57	6,411.36
<b>Capital Expenditure</b>	4,968.59	11,625.82	4,622.92	256.62	8,731.06	952.60	551.67	428.91	4,741.07	1,825.65	641.52	1,234.63	5,520.26	12,054.73	9,363.99	2,082.27	9,372.58	2,187.23
Unallocated Capital Expenditure													-	-	322.60	180.43	739.03	858.34
<b>Total Capital Expenditure</b>													5,520.26	12,054.73	9,686.59	2,262.70	10,111.61	3,045.57
<b>Depreciation &amp; Amortisation</b>	1,078.51	845.77	740.19	109.22	238.68	229.67	217.13	275.16	176.67	637.48	81.01	37.87	1,295.64	1,120.93	916.86	746.70	319.69	267.54
Unallocated Dep. & Amortisation													-	-	-	-	-	-
<b>Total Depreciation &amp; Amortisation</b>													1,295.64	1,120.93	916.86	746.70	319.69	267.54

**GEOGRAPHICAL SEGMENT**

(Rs. in lacs)

Particulars	Domestic										Export										Total									
	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05	9M FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05						
Segment Revenues	36,399.39	32,713.82	30,429.11	17,097.61	12,083.74	7,970.90	7,526.34	13,611.35	10,264.83	6,936.08	4,685.52	4,392.73	46,325.17	40,693.94	24,033.69	18,134.79	12,656.42	2,339.94	2,075.06	1,596.82	947.59	361.09	167.06							
Internal Segment Revenues	2,339.94	2,075.06	1,596.82	947.59	361.09	167.06	-	-	-	-	-	-	2,075.06	1,596.82	947.59	361.09	167.06	-	-	-	-	-	-	-						
Total Revenues	38,739.33	34,788.88	32,025.93	18,045.20	12,444.83	8,137.96	7,526.34	13,611.35	10,264.83	6,936.08	4,685.52	46,265.67	48,400.23	42,290.76	24,981.28	18,495.88	12,823.48	46,265.67	48,400.23	42,290.76	24,981.28	18,495.88	12,823.48							
<b>Less : Elimination</b>	2,339.94	2,075.06	1,596.82	947.59	361.09	167.06	-	-	-	-	-	-	2,075.06	1,596.82	947.59	361.09	167.06	-	-	-	-	-	-	-						
<b>NET REVENUES</b>	36,399.39	32,713.82	30,429.11	17,097.61	12,083.74	7,970.90	7,526.34	13,611.35	10,264.83	6,936.08	4,685.52	43,925.73	46,325.17	40,693.94	24,033.69	18,134.79	12,656.42	43,925.73	46,325.17	40,693.94	24,033.69	18,134.79	12,656.42							
<b>Segment Result</b>	6,277.66	4,889.34	4,454.32	2,903.55	970.79	383.68	1,754.90	2,801.40	1,938.47	773.22	662.83	8,032.56	7,690.74	6,392.79	3,676.77	1,513.42	1,046.51	8,032.56	7,690.74	6,392.79	3,676.77	1,513.42	1,046.51							
Carrying Cost Of Segment Assets	49,825.58	38,449.10	24,458.06	19,418.09	15,012.67	5,730.42	18,676.11	16,476.20	14,610.73	4,504.72	2,823.39	68,501.69	54,925.30	39,068.79	23,922.81	19,315.79	8,553.81	68,501.69	54,925.30	39,068.79	23,922.81	19,315.79	8,553.81							
Addition To Fixed Assets	4,968.59	11,625.82	4,622.92	1,825.65	873.10	952.60	551.67	428.91	474.07	256.62	123.46	552.26	12,054.73	9,363.99	2,082.27	9,372.58	2,187.23	552.26	12,054.73	9,363.99	2,082.27	9,372.58	2,187.23							

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with the audited financial statements, for each of the fiscal years ended March 31, 2006, 2007, 2008 and 2009 and the nine month period ended December 31, 2009 including the Schedules, Annexures and Notes thereto and the Reports thereon, which appear in the section titled "Financial Statements" beginning on page 167 of this RHP. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, and the SEBI Regulations as described in the Independent Auditor's Report of Ashra & Co., Chartered Accountants dated April 07, 2010 in the chapter titled 'Financial Information' beginning on page 167 of this RHP.

Our Financial Year (FY) ends on March 31 of each year, so all references to a particular FY are to the twelve-month period ended March 31 of that year.

### Business Overview

We are a vertically integrated textile and garment manufacturing company in India having presence across operations ranging from yarn dyeing to garment manufacturing. Our operations and facilities enable us to manufacture a wide variety of value-added fabrics and garments through our integrated operations comprising of dyeing of yarns and fabrics, weaving operations for fabrics, processing solutions for both, fabrics and garments, garment manufacturing, domain expertise in providing sampling and designing for both fabrics and garments.

Our major business segments include Textiles and Garments. Our focus is to capitalise on the vertical integration of our operations which would lead to reduction in cost of raw materials and enable us to achieve quality control and thereby result into higher profit margins from our garments business. We believe that we have achieved a high level of self-sufficiency in producing new designs and samples for our clients, which has helped us in enhancing our product portfolio and improving our adaptability to the latest trends. We have positioned ourselves as a multi-product, multi-fibre and multi-market player ensuring that our products includes a diverse mix of fabrics and garments which caters to both, domestic as well as the international textile and garments markets.

In the FY ended March 31, 2009, 2008, 2007 and 2006 our sales figures were Rs. 46,325.17 lacs, Rs. 40,693.94 lacs, Rs 24,033.69 lacs and Rs 18,134.79 lacs respectively. For the nine month period ended December 31, 2009 our sales was Rs. 43,925.73 lacs.

The following are the sales derived from our top customers:

	FY 2007	FY 2008	FY 2009	Nine month period ended December 31, 2009
Sales from top 3 Customers (%)	16.38	24.38	21.73	32.73
Sales from top 5 Customers (%)	22.17	33.48	29.57	42.45
Sales from top 10 Customers (%)	32.05	46.87	41.38	55.34

### Factors that may affect Results of Operations

Our business is subject to various determining factors and risks/ uncertainties which have been elaborated in the chapters titled "Risk Factors" and "Business Overview" on pages xii and 78 respectively of this RHP. However, we have also enumerated such factors affecting our results of operations below

#### 1. General economic and business conditions

We are likely to be affected by general economic conditions prevailing in the country where we operate and also the countries where we export. Growth rates of the economy and income levels of consumers are one of the determinants of demand in the textile industry

The European region continues to be a major export market for our Company. A slowdown in these economies translates to lower consumer spending and a consequent risk of lower textile exports to those markets. Our Company is looking to mitigate this risk by spreading the geographical reach for all the product offerings thereby broadening the export client base.

## 2. Government policies and regulations governing the textile industry including subsidies

We benefit from a number of government incentives that are available to us as a textile and/or export company. These incentives are in the form of subsidies, lower duties on imports of machineries, and duty draw backs on exports of certain items. These incentives are subject to change as a result of changes in applicable laws or other regulatory authorities. Changes have occurred in the past and are likely to occur in the future and any such changes could materially affect our profitability and cash flows. The following are the primary incentives which have a material impact on our results of operations;

1. Technology Upgradation Fund Scheme (TUFS), under which the ministry of textiles provide 5 % interest reimbursement on the term loans availed for installing specified textile machinery.
2. Capital subsidy, under which the ministry of Textiles provide 10 % capital subsidy on procurement of specified textile machinery
3. Duty Drawback incentive, which accrues on export of our products as a percentage of the value of exports at the rates prescribed by Central Board of Excise and Customs (CBEC)

## 3. Fluctuations in interest rates and availability of credit

Our Company has undertaken capacity expansions to tap the growth opportunities. A major portion of these expansions has been funded under the Technology Upgradation Funds Scheme (TUFS) which provides interest reimbursement and capital subsidy to textile players with a relatively lower interest cost. Availability of sufficient working capital credit is critical for carrying on our operations smoothly. Also, fluctuations in the interest rates may have an impact on cost of our borrowings.

## 4. Exchange rate fluctuations

Our Company is exposed to foreign exchange risks by virtue of being an exporter of products / importer of capital goods and also because our Company has availed of foreign currency working capital loans. Hence, where on one hand depreciation of rupee against all other major global currencies namely US Dollar, Euro, British Pound, Swiss Franc and Japanese Yen may benefit us in terms of the conversion of our export receivables; it may increase our cost of importing capital goods and spare parts on the other hand.

To hedge the exchange fluctuation risk, our Company has devised a foreign currency management system which monitors the foreign currency transactions.

## 5. Competition

We operate in a competitive market environment. We compete with global competitors to retain and gain market share. Our Company also faces competition in the domestic market from both the organised and unorganised sectors.

While the removal of quantitative restrictions has increased the market share of developing countries, such as India, Bangladesh, China and Indonesia, it has also resulted in significant price competition among suppliers from these countries. Our Company's ability to anticipate and respond to pricing and other competitive pressures in the textile industry will be critical to our results of operations in the coming years. Through a diversified product portfolio, quality approach, manufacturing flexibility, modern technology and an expanded marketing network, our Company attempts to overcome these competitive pressures however, these pressures may increase as more companies come up with similar strategies to enter and capture market share.

## 6. Optimum utilization of installed capacities

Our revenues and net profit have increased with our capacity expansions over the last several years, and we may further expand our capacity to meet increased demand and our growth objectives. Our business is capital-intensive and investments in capacities, new technologies and processes are among the key factors that would contribute to our future growth and profitability.

After the completion of our expansion plans, we expect to benefit from increased economies of scale and improved efficiency, which will have a positive impact on our gross margins. However, these expansions will also increase our interest and depreciation expenses.

Further, Our Company has undertaken expansion of its production capacities based on its estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected orders due to factors including adverse

economic scenario, change in demand, change in fashion, etc., our capacities may not be fully utilised thereby adversely impacting our financial performance.

## Discussion on Results of Operations

### Analysis of revenues

#### Segment –wise break-up of revenues

Our revenues originate from two broad business segments – textiles and garments. Our textile division comprises of the following activities - yarn dyeing, production of greige fabrics, fabric processing and finishing. The garmenting division consists of the sale of readymade garments apart from charges on sample pieces sent to customers for approval and duty drawback, on account of exports of garments.

### Analysis of Revenues

Rs. in lacs

Particulars	FY 2006	FY 2007	FY 2008	FY 2009	Nine Month Period ended December 31, 2009	CAGR (%) *
<b>Textiles Sales</b>	<b>12,064.60</b>	<b>16,794.60</b>	<b>29,328.25</b>	<b>30,867.68</b>	<b>35,870.17</b>	<b>36.77</b>
- Finish Fabric	6,628.03	11,260.43	22,299.30	25,621.14	29,715.74	
- Greige Fabric	3,756.57	4,283.67	5,823.35	4,556.72	5,205.54	
- Others	1,680.00	1,250.50	1,205.60	689.82	948.89	
<b>as a % of Sales</b>	<b>66.53</b>	<b>69.88</b>	<b>72.07</b>	<b>66.63</b>	<b>81.66</b>	
<b>YOY growth (%)</b>		<b>39.21</b>	<b>74.63</b>	<b>5.25</b>		
<b>Garments Sales</b>	<b>6,070.19</b>	<b>7,239.09</b>	<b>11,365.69</b>	<b>15,457.49</b>	<b>8,055.57</b>	<b>36.56</b>
- Domestic	19.15	303.01	1,100.86	1,846.14	529.23	
- Exports	6,051.05	6,936.08	10,264.83	13,611.35	7,526.34	
<b>as a % of Sales</b>	<b>33.47</b>	<b>30.12</b>	<b>27.93</b>	<b>33.37</b>	<b>18.34</b>	
<b>YOY growth (%)</b>		<b>19.26</b>	<b>57.00</b>	<b>36.00</b>		

\* CAGR has been calculated between FY06 and FY09

Income from sale of textiles grew at a CAGR of 36.77% from Rs 12,064.60 lacs in FY 2006 to Rs 30,867.68 lacs in FY 2009. This has been on account of several factors such as:-

- Opening of sales offices at new locations in the country. Initially the sales function was handled from our corporate office located in Mumbai whereas over the years, we have added sales offices at New Delhi, Chennai and Bangalore. We presently have a network of around 60 dealers and agents across the country.
- Launch of new products using the in-house processing technology during the period from FY 2006 to FY 2009. Some of the innovative fabrics introduced by us were mosquito repellent fabric, oil repellent fabric, stain-free fabrics, UV protector fabrics, anti-bacterial fabrics etc.
- Modification plans undertaken at our weaving and fabric processing units in FY 2007, FY 2008 and FY 2009 which resulted in improved quality of greige and finished fabrics manufactured by us.

The expansion in capacities in the textile division has been faster than in the garmenting division and thus the former has accounted for a larger share of the revenues. We believe we have an established presence in the division owing to the experience of our promoters which enables us to benefit from a robust marketing network and understanding of the industry. For the nine month period ended December 31, 2009 our income from the sale of textiles was Rs. 35,870.17 lacs which was 81.66% of our sales for the period.

Income from sale of Ready made Garments grew at a CAGR of 36.56% from Rs 6,070.19 lacs in FY 2006 to Rs 15,457.49 lacs in FY 2009. A majority of our revenues from garments sales in the year 2009, constituting 88.06% of the garment sales, came from exports including charges on sample pieces sent to customers for approval and duty drawback on account of exports of garments.

We commenced in-house commercial manufacturing of garments in September 2004. Subsequently, we have set up three garments units at Bangalore in FY 2008 and a design studio cum sampling unit at Mumbai in FY 2009. The expansion in garment manufacturing to the current capacity of 36.00 lac pieces per year has increased the revenues from the garmenting division. We commenced domestic sale of garments in FY 2007.

We have identified the garment division as one of the highest growth potential areas for our Company. We have embarked on a strategy of catering to a clientele offering better margins on the products sold to them. We propose to increase our capacities in the garmenting division as has been elaborated in the section titled “Business Overview” on page 78 of the Red Herring Prospectus.

For the nine month period ended December 31, 2009, our income from sale of Ready made Garments was Rs. 8,055.57 lacs which was 18.34% of our sales for the period. Our garments business is seasonal in nature and over the years majority of our income from the sale of Ready made Garments is derived in the last quarter of the Fiscal Year.

### Segment-wise Profitability analysis

Rs. in lacs

Particulars	FY 2006		FY 2007		FY 2008		FY 2009		Nine month period ended December 31, 2009	
	Textile	Garment	Textile	Garment	Textile	Garment	Textile	Garment	Textile	Garment
Sales	12,064.60	6,070.20	16,794.60	7,239.09	29,328.25	11,365.69	30,867.68	15,457.49	35,870.17	8,055.57
EBIDTA	1,209.48	623.64	2,919.15	1,504.32	4,451.59	2,858.06	4,946.07	3,865.60	7,048.65	2,279.55
EBIDTA %	10.03	10.27	17.38	20.78	15.18	25.15	16.02	25.01	19.65	28.30

Several factors contributed to the growth in revenues which have been described under the heading ‘Segment -wise break-up of Revenues’ on page 199 of this section. We believe our quality standards have ensured that a large proportion of our customer base comprises of repeat customers; 9 of our top ten customers were repeat customers in FY 2009. In textile segment, the increase in revenues has been primarily due to the addition of the shirting division which enlarged the scope of our offerings along with the introduction of yarn-dyed greige fabric and finished fabric. These are value-added textile products that offer potential for higher realizations such as innovative varieties of finished fabric. Our vertical integration efforts have yielded cost benefits. As a result of which, our EBIDTA margins have grown from 10.03% in FY 2006 to 16.02% in FY 2009. The growth in sales is also attributable to penetrative marketing and better customer service.

For the nine month period ended December 31, 2009, EBIDTA and EBIDTA margins, for our textiles segment were Rs. 7,048.65 lacs and 19.65% respectively.

In garment segment, the growth in revenue is due to capacity expansion programs undertaken by our Company during past three years. It is also attributable to higher price realisations achieved as a result of innovative design solutions and stricter adherence to quality standards and delivery schedules. We have been able to improve our margins from 10.27% in FY 2006 to 25.01% in FY 2009.

For the nine month period ended December 31, 2009, EBIDTA and EBIDTA margins, for our garments segment were Rs. 2,279.55 lacs and 28.30% respectively.

### Geographical Spread

The geographical distribution of the export sales can be summarized as follows:

Rs. in lacs

Particulars	FY 2006		FY 2007		FY 2008		FY 2009		Nine month period ended December 31, 2009	
	Sales	% of sales	Sales	% of sales	Sales	% of sales	Sales	% of sales	Sales	% of sales
Domestic Sales*	12,083.74	66.63	17,097.61	71.14	30,429.11	74.78	32,713.82	70.62	36,399.39	82.87
Exports**	6,051.05	33.37	6,936.08	28.86	10,264.83	25.22	13,611.35	29.38	7,526.34	17.13
Europe	4,981.63		6,015.52		8,450.33		11,381.21		5,854.75	

America	185.25		163.97		69.99		225.93		276.36	
Far & Middle East	518.10		363.55		424.63		621.09		346.85	
Other Continents	77.33		19.76		432.93		241.65		333.09	
Duty Drawbacks	288.74		373.28		807.53		969.47		524.94	
Others					79.42		172.00		190.35	
<b>Total</b>	<b>18,134.79</b>	<b>100.00</b>	<b>24,033.69</b>	<b>100.00</b>	<b>40,693.94</b>	<b>100.00</b>	<b>46,325.17</b>	<b>100.00</b>	<b>43,925.73</b>	<b>100.00</b>

\*Domestic sales also include income from processing charges.

\*\*The total export includes duty drawback and charges on sample pieces sent to customers for approval.

We draw a majority of our revenues from Europe, comprising 83.62% of export revenues in FY 2009. This is the part of a strategy which yields multiple benefits including presence in the fashion hub of the world. Further, as our products are positioned in the premium fashion segment in a value-driven, fashion-conscious market, we enjoy better margins. For the nine month period ended December 31, 2009, we derived 77.79% of our export revenues from Europe.

## Operating Results

### Restated profit and Loss Summary

Rs. in lacs

	FY 2006	FY 2007	FY 2008	FY 2009	Nine month Period ended December 31, 2009
<b>Sales</b>	18,134.79	24,033.69	40,693.94	46,325.17	43,925.73
Y-o-Y % increase		32.53	69.32	13.84	
<b>Net Material Cost*</b>	11,332.84	13,343.23	25,803.21	29,089.12	28,028.30
% to Sales	62.49	55.52	63.41	62.79	63.81
Y-o-Y % increase		17.74	93.38	12.73	
<b>Employees' Remuneration &amp; Benefits</b>	989.78	1,475.95	2,155.66	2,872.72	2,451.01
% to Sales	5.46	6.14	5.30	6.20	5.58
Y-o-Y % increase		49.12	46.05	33.26	
<b>Manufacturing Expenses</b>	2,427.45	2,778.51	3,257.65	3,507.17	2,586.70
% to Sales	13.39	11.56	8.01	7.57	5.89
Y-o-Y % increase		14.46	17.24	7.66	
<b>Administrative and other expenses</b>	1,332.86	1,662.46	1,693.63	1,627.26	1,206.61
% to Sales	7.35	6.92	4.16	3.51	2.75
Y-o-Y % increase		24.73	1.87	(3.92)	
<b>Selling &amp; Distribution Expenses</b>	218.74	350.07	474.15	417.23	324.92
% to Sales	1.21	1.46	1.17	0.90	0.74
Y-o-Y % increase		60.04	35.44	(12.00)	
<b>EBIDTA</b>	1,833.12	4,423.47	7,309.65	8,811.67	9,328.19
% to Sales	10.11	18.41	17.96	19.02	21.24
Y-o-Y % increase		141.31	65.25	20.55	
<b>Other Income<sup>#</sup></b>	647.12	102.88	465.73	(329.11)	(1,724.17)
Y-o-Y % increase		(84.10)	352.70	(170.67)	



<b>Interest and Financial Charges</b>	284.26	794.54	1,451.94	1,757.14	1,972.76
Y-o-Y % increase		179.51	82.74	21.02	
<b>Depreciation</b>	319.70	746.71	916.86	1,120.93	1,295.64
% to Sales	1.76	3.11	2.25	2.42	2.95
Y-o-Y % increase		133.57	22.79	22.26	
<b>Profit Before Tax</b>	1,876.28	2,985.10	5,406.58	5,604.49	4,335.52
% to Sales	10.35	12.42	13.29	12.10	9.87
Y-o-Y % increase		59.10	81.12	3.66	
<b>Current Tax</b>	160.86	317.16	1,351.21	630.35	485.74
<b>Deferred Tax</b>	488.79	704.84	493.35	1,285.31	993.33
<b>Fringe Benefit Tax</b>	14.00	20.00	31.64	33.78	-
<b>Taxation for Earlier Years</b>	-	-	-	1.37	(7.13)
<b>Income of Earlier Years</b>	-	-	-	-	-
<b>Net Profit before Extraordinary items</b>	1,212.63	1,943.10	3,530.38	3,656.42	2,849.32
<b>Extra ordinary items</b>	-	-	-	-	-
<b>Net Profit after Extra ordinary items</b>	1,212.63	1,943.10	3,530.38	3,656.42	2,849.32
% to Sales	6.69	8.08	8.68	7.89	6.49
Y-o-Y % increase		60.24	81.69	3.53	
<b>Adjustments</b>	-	-	1.37	-8.50	7.13
<b>Net Profit as restated</b>	1,212.63	1,943.10	3,531.75	3,647.92	2,856.45
% to Sales	6.69	8.08	8.68	7.87	6.50
Y-o-Y % increase		60.24	81.76	3.29	

\* Net Material Cost – Raw Materials Consumed + Cost of goods Traded + (increase)/decrease in inventories

# Other income includes foreign exchange fluctuation income / (losses) which are profit or loss incurred on account of realisation of export sale proceeds and conversion of them into Indian currency. It also includes profit / (loss) incurred on cancellation of foreign currency forward contracts.

## Review of the nine month period ended December 31, 2009

### Sales

For the nine month period ended December 31, 2009, our sales was Rs. 43,925.73 lacs. Out of the total sales, our textile sales was Rs. 35,870.17 lacs and garment sales was Rs. 8055.57 lacs.

### Other Income/ loss

Our other income consists of interest income from bank deposits and customers, rent received on company property, foreign exchange fluctuations gains/losses, profit on sale of assets and discount received on raw material purchases. For the nine month period ended December 31, 2009, we have incurred a loss of Rs 1,724.27 lacs on account of foreign exchange fluctuation loss of Rs. 1,860.29 lacs.

### Net material cost and manufacturing expenses

For the nine month period ended December 31, 2009, our net material cost was Rs. 28,028.30 lacs. This was 63.81% of our sales for the corresponding period. Our manufacturing expenses for the nine month period ended December 31, 2009 was 2,586.70 lacs. Manufacturing expenses as a percentage of sales, for the corresponding period, was 5.89%.

### Employees' Remuneration & Benefits

Employees' Remuneration & Benefits for the nine month period ended December 31, 2009 was Rs. 2,451.01 lacs. As a proportion of sales, it was 5.58%.



***Administrative, selling and distribution expenses***

Administrative, selling and distribution expenses for the nine month period ended December 31, 2009 was Rs. 1,531.53 lacs. As a proportion of sales, our administrative, selling and distribution expenses was 3.49%.

***Finance charges***

For the nine month period December 31, 2009, our interest and financial charges were Rs. 1,972.76 lacs. During the corresponding period, we have availed to a new term loan from ICICI Bank and Bank of Baroda.

***Depreciation***

Depreciation for the nine month period ended December 31, 2009 was Rs. 1,295.64 lacs. As a proportion of sales, depreciation was 2.95%.

***EBIDTA***

Our EBIDTA for the nine month period ended December 31, 2009 was Rs. 9,328.19 lacs. Our EBIDTA margins for the corresponding period was 21.24%. EBIDTA margins, for our textile segments, was 19.65% and for our garment segments was 28.30%.

***Profit after tax***

For the nine month period ended December 31, 2009, our profit after tax was Rs. 2,856.45 lacs. Our PAT margin for the period was 6.50%.

**A. Comparison of Performance and Analysis of Developments for the financial year ended March 31, 2009 vis-à-vis Financial year ended March 31, 2008**

***Major Events during the year***

- The CDR / CBR process units of our Company started their operation in March, 2009.
- Commercial operation at the garment sampling studio at Sewree started in September, 2008.

***Sales***

Our sales increased from Rs. 40,693.94 lacs in FY 2008 to Rs. 46,325.17 lacs in FY 2009 registering a growth rate 13.84%. The growth is mainly attributable to the growth in garment exports from Rs. 10,264.83 lacs in FY 2008 to Rs. 13,611.35 lacs in FY 2009 and additionally due to the moderate growth in textile sales from Rs. 29,328.25 lacs to Rs. 30,867.68 lacs in the mentioned period.

***Other Income/ loss***

Our other income consists of interest income from bank deposits and customers, rent received on company property, foreign exchange fluctuations gains/losses, profit on sale of assets and discount received on raw material purchases. We have incurred a loss of Rs 329.11 lacs in FY 2009 on account of foreign exchange fluctuation loss of Rs. 448.49 lacs. Our other income for FY 2008 was Rs 465.73 lacs, this was due to foreign exchange fluctuation gain of Rs. 217.51 lacs and profit on sale of asset of Rs. 259.21 lacs.

***Net material cost and manufacturing expenses***

Net Material cost has increased from Rs. 25,803.21 lacs in FY 2008 to Rs. 29,089.12 lacs in FY 2009. It has reduced as a proportion of sales from 63.41 % in FY 2008 to 62.79 % in FY 2009. This was on account of increased revenue base and cost reduction benefits due to the increase in vertical integration of our operations. Manufacturing expenses have increased from Rs 3,257.65 lacs in FY 2008 to Rs 3,507.17 lacs in FY 2009. However, manufacturing expenses as a percentage of sales has decreased from 8.01% to 7.57% for the same period. This was on account of higher productivity and cost reduction by sustained negotiations with the suppliers.

***Employees' Remuneration & Benefits***

Employees' Remuneration & Benefits has increased from Rs. 2,155.66 lacs in FY 2008 to Rs. 2,872.72 lacs in FY 2009. As a proportion of sales, it has increased from 5.30% in FY 2008 to 6.20% in FY 2009. This was on account of fresh recruitment, pay revision for existing employees and higher allocation for staff welfare facilities.

***Administrative, selling and distribution expenses***

Administrative, selling and distribution expenses have decreased from Rs. 2,167.78 lacs in FY 2008 to Rs. 2,044.49 lacs in FY 2009. As a proportion of sales, it has decreased from 5.33 % in FY 2008 to 4.41 % in FY 2009. This is on account of stricter administrative and selling cost control measures and better absorption of fixed overheads due to increased revenue base.

### ***Finance charges***

Finance charges have increased from Rs. 1,451.94 lacs in FY 2008 to Rs. 1,757.14 lacs in FY 2009. This is on account of increase in term loans availed from Rs. 16,000.27 lacs in FY 2008 to Rs. 21,761.66 lacs in FY 2009 to fund the expansion projects of the Company. It is also due to increase in working capital loans and other short term loans from Rs. 6,761.84 lacs in FY 2008 to Rs. 10,248.18 lacs in FY 2009 to meet Company's growing working capital needs.

### ***Depreciation***

Depreciation has increased from Rs. 916.86 lacs in FY 2008 to Rs. 1,120.93 lacs in FY 2009. This is on account of increase in fixed asset base for the manufacturing facilities at Sewree and Tarapur, in Mumbai and Thane respectively.

### ***EBIDTA***

Our EBIDTA has increased from Rs. 7,309.65 lacs in FY 2008 to Rs. 8,811.67 lacs in FY 2009, registering a growth of 20.55% which is primarily because of improvement of EBIDTA margins from 17.96% in FY 2008 to 19.02% in FY 2009. The margins have improved primarily on account of increase in garment sales from 27.93% in FY 2008 to 33.37% in FY 2009 as a percentage to total sales.

### ***Profit after tax***

Profit after tax has increased from Rs. 3,531.75 lacs in FY 2008 to Rs. 3,647.92 lacs in FY 2009, registering a growth of 3.29% which is primarily due to increase in turnover, though this increase was not in the same proportion as the growth in turnover on account of foreign exchange fluctuation losses.

## **B. Comparison of Performance and Analysis of Developments for Financial year ended March 31, 2008 vis-à-vis March 31, 2007**

### ***Major Events during the year***

- We started commercial production for three garment manufacturing units at Bangalore.

### ***Sales***

Our sales increased from Rs. 24,033.69 lacs in FY 2007 to Rs. 40,693.94 lacs in FY 2008 registering a growth rate of 69.32%. This increase is primarily on account of considerable growth of 74.63% in sales of textiles and 57.00% in garments achieved in FY 2008 over FY 2007.

### ***Other Income***

Other income has increased from Rs. 102.88 lacs in FY 2007 to Rs. 465.73 lacs in FY 2008 which reflects a growth of 352.70%. This increase is on account of increase in foreign exchange fluctuation gains, profit on sale of assets and interest income.

### ***Net material cost and manufacturing expenses***

Net Material cost has increased from Rs. 13,343.23 lacs in FY 2007 to Rs. 25,803.21 lacs in FY 2008. It has increased as a proportion of sales from 55.52% in FY 2007 to 63.41% in FY 2008. This is as a result of addition of capacity in Bangalore and increase in the prices of raw materials. Manufacturing expenses have increased from Rs. 2,778.51 in FY 2007 to Rs. 3,257.65 in FY 2008. However, as a percentage of sales it has substantially decreased from 11.56% to 8.01% on account of reduction in labour cost related to outsourcing due to installation of additional capacity in Bangalore.

### ***Employees' Remuneration & Benefits***

Employees' Remuneration & Benefits has increased from Rs. 1,475.95 lacs in FY 2007 to Rs. 2,155.66 lacs in FY 2008. As a proportion of sales, it has marginally decreased from 6.14% in FY 2007 to 5.30% in FY 2008 on account of higher productivity per employee leading to higher sales achievement per employee.

### ***Administrative, selling and distribution expenses***

Administrative, selling and distribution expenses have increased from Rs. 2,012.53 lacs in FY 2007 to Rs. 2,167.78 lacs in FY 2008. As a proportion of sales, it has substantially decreased from 8.37% in FY 2007 to 5.33% in FY 2008. This is on account of better absorption of fixed expenses over a wider revenue base and administrative and selling cost control measures.

### ***Finance charges***

Finance charges have increased from Rs. 794.54 lacs in FY 2007 to Rs. 1,451.94 lacs in FY 2008. This is on account of additional term loans taken for the new manufacturing facilities at Bangalore and modification plans undertaken at Tarapur, in Thane and also on account of increase in working capital and other short term loans.

#### ***Depreciation***

Depreciation has increased from Rs. 746.71 lacs in FY 2007 to Rs. 916.86 lacs in FY 2008. This is on account of increase in fixed asset base for the new manufacturing facilities at Bangalore and modification plans undertaken at Tarapur, Thane.

#### ***EBIDTA***

Our EBIDTA has increased from Rs. 4,423.47 lacs in FY 2007 to Rs. 7,309.65 lacs in FY 2008, registering a growth of 65.25% which is primarily because of increase in sales by 69.32% during the same period.

#### ***Profit after tax***

Profit after tax has increased from Rs. 1,943.10 lacs in FY 2007 to Rs. 3,531.75 lacs in FY 2008, registering a substantial growth of 81.76% which is due to 69.32 % increase in sales over the same period and higher average price realization per piece.

### **C. Comparison of Performance and Analysis of Developments for Financial year ended March 31, 2007 vis-à-vis March 31, 2006**

#### ***Major Events during the year***

- We started the domestic garmenting business in January 2007

#### ***Sales***

Our sales increased from Rs. 18,134.79 lacs in FY 2006 to 24,033.69 lacs in FY 2007 registering a growth rate of 32.53%. This is on account of full year of operation of shirting unit and the start of the operations in our garment manufacturing units at Vikhroli. This is also on account of higher sales realization on garments and fabrics.

#### ***Other Income***

Other income has reduced from Rs. 647.12 lacs in FY 2006 to Rs. 102.88 lacs in FY 2007 which is on account of profit on sales of assets of Rs. 466.88 lacs received in FY 2006.

#### ***Net material cost and manufacturing expenses***

Net Material cost has increased from Rs. 11,332.84 lacs in FY 2006 to Rs. 13,343.23 lacs in FY 2007. It has reduced as a proportion of sales from 62.49% in FY 2006 to 55.52% in FY 2007. Similarly, the manufacturing expenses have increased from Rs. 2,427.45 in FY 2006 to Rs. 2,778.51 in FY 2007. However, it has reduced as a proportion of sales from 13.39% to 11.56%. This is as a result of improvement in sales realizations and cost reduction benefits due to the increase in vertical integration of our operations.

#### ***Employees' Remuneration & Benefits***

Employees' Remuneration & Benefits has increased from Rs. 989.78 lacs in FY 2006 to Rs. 1,475.95 lacs in FY 2007. As a proportion of sales, it has marginally increased from 5.46% in FY 2006 to 6.14% in FY 2007 on account of fresh recruitment and pay revision for existing employees.

#### ***Administrative, selling and distribution expenses***

Administrative, selling and distribution expenses have increased from Rs. 1,551.60 lacs in FY 2006 to Rs. 2,012.53 lacs in FY 2007. As a proportion of sales, it has marginally decreased from 8.56% in FY 2006 to 8.37% in FY 2007. This is on account of administrative and selling cost control measures and increased revenue base.

#### ***Finance charges***

Finance charges have increased from Rs. 284.26 lacs in FY 2006 to Rs. 794.54 lacs in FY 2007. This is on account of additional term loans taken for the new manufacturing facilities at Vikhroli and Tarapur, in Mumbai and Thane and modification/enhancement of process house at Tarapur, Thane.

#### ***Depreciation***

Depreciation has increased from Rs. 319.70 lacs in FY 2006 to Rs 746.71 lacs in FY 2007. This is on account of increase in fixed asset base for the manufacturing facilities at Vikhroli and Tarapur, in Mumbai and Thane respectively.

### EBIDTA

Our EBIDTA has increased from Rs. 1,833.12 lacs in FY 2006 to Rs. 4,423.47 lacs in FY 2007, registering a substantial growth of 141.31% which is primarily on account of increase in EBIDTA margins from 10.11% in FY 2006 to 18.41% in FY 2007.

### Profit after tax

Profit after tax has increased from Rs. 1,212.63 lacs in FY 2006 to Rs 1,943.10 lacs in FY 2007, registering a growth of 60.24% which is primarily due to increase in turnover, increased per unit realization and subsequent increase in operating margins.

### Analysis of Business Productivity Parameters

Rs. in lacs

Particulars	FY 2006	FY 2007	FY 2008	FY 2009	Nine month period ended December 31, 2009*
Capital Employed	14,499.00	17,423.90	25,979.76	35,097.58	47,995.44
EBIT	1,513.42	3,676.76	6,392.79	7,690.74	8,032.55
<b>ROCE %</b>	14.93	23.04	29.46	25.18	19.33
Networth	3,719.51	5,423.16	9,979.49 <sup>#</sup>	13,335.92	18,424.37 <sup>#</sup>
<b>RoNW %</b>	32.60	35.83	35.39	27.35	15.50
EBIDTA	1,833.12	4,423.47	7,309.65	8,811.67	9,328.19
<b>EBIDTA Margin (%)</b>	10.11	18.41	17.96	19.02	21.24
Net Profit	1,212.63	1,943.10	3,531.75	3,647.92	2,856.45
<b>Net Profit Margin (%)</b>	6.69	8.08	8.68	7.87	6.50

\* - Not Annualized

# - Miscellaneous Expenses primarily on account of non recurring expenses in relation to the total fund raising exercise undertaken for the projects mentioned under the "Objects of the issue" in the DRHP filed in December 2007 (previously) and in September 2009 with SEBI have been adjusted against our Securities Premium Account. The same have been written off against Securities Premium Account as per the provisions of section 78 (2) (b) of the Companies Act, 1956.

Our EBIDTA margin has increased from 10.11% in FY 2006 to 19.02% in FY 2009. This is mainly on account of increase in gross margin and better operational efficiencies. Our Net Profit margin has increased marginally from 6.69% in FY 2006 to 7.89% in FY 2009. The increase in the net profit margins has been less compared to the increase in the EBIDTA margins mainly on account of increase in depreciation and finance costs. For the nine month period ended December 31, 2009, our EBIDTA margin was 21.24% and net profit margin was 6.50%.

Our Return on Capital Employed has increased from 14.93% in FY 2006 to 25.18% in FY 2009 on account of improvement in our operating margin. Conversely, our Return on Networth has decreased from 32.60% in FY 2006 to 27.35% in FY 2009 on account of increase in capital base and increase in financial charges. For the nine month period ended December 31, 2009, our return on capital employed was 19.33% and return on networth was 15.50%

### Details of Capacity Utilisation

Year ended March 31	2007	2008	2009	Nine month period ended December 31, 2009
<b>Installed capacity (units in lac)</b>				
Yarn Dyeing (In kgs.)- <b>Dyed Yarn</b>	18.00	18.00	24.00 <sup>#</sup>	30.00
Weaving (In mtrs.)- <b>Greige Fabrics</b>	180.00	180.00	180.00	180.00
Fabric Processing (In mtrs.) - <b>Finished fabrics</b>	204.00	204.00	204.00	516.00 <sup>1</sup>

Garment Stitching (In pcs.) – <b>Garments</b>	21.00	27.00 <sup>§</sup>	36.00	36.00
<b>Production (units in lac)^</b>				
Yarn dyeing (In kgs.)	16.50	16.90	22.20	16.26
Greige Fabrics (In mtrs.)	147.76	165.00	156.12	115.05
Finished fabrics (In mtrs.)	128.66	169.84	175.63	142.56
Garments (In pcs.)	19.58	34.39	35.92	20.84
<u>Fabric processing</u>	128.66	169.84	175.63	142.56
In-house	51.13	125.63	116.70	97.30
Jobwork	77.53	44.21	58.93	45.26
% of inhouse to total	39.74%	73.97%	66.45%	68.25%
<u>Yarn Dyeing</u>	16.50	16.90	22.20	16.26
In-house	14.52	15.25	20.06	14.53
Jobwork	1.98	1.65	2.14	1.73
% of inhouse to total	88.00%	90.24%	90.36%	89.36%
<b>Capacity utilisation</b>				
Yarn Dyeing	91.67%	93.89%	92.50%	-
Weaving	82.09%	91.67%	86.73%	-
Fabric Processing	63.07%	83.25%	86.09%	-
Garment Stitching*	93.24%	127.37%	99.78%	-

Note: The figures for each year indicate the capacity available from the date of capacity installation

§ - Additional capacity of 15.00 lac pieces per annum was operational for a part of the year

# – Additional capacity of 120.00 lac kgs operational for a part of the year six month

<sup>1</sup> – Additional capacity of 312.00 lac mtrs was partially operational for the year

The table above presents the capacity utilization of our manufacturing facilities and is symbolic of the demand for our products and nature of our capacity expansion.

A majority of our yarn dyeing capacity aggregating to 90.36% is utilized for our in-house requirements and the remaining capacity is utilized for job-work purposes. In FY 2009, we have increased our yarn-dyeing capacity in Tarapur from 150,000 kgs per month to 300,000 kgs per month.

Our weaving capacity is utilized solely for our requirements and is consumed for either further processing or for sale in the open market. We have an established presence in the greige fabrics segment.

The output of the weaving activity is greige fabric and we produce broadly two main categories of grieger fabric – simple greige with a production capacity of 6.50 lac meters per month and yarn-dyed greige with a production capacity of 8.50 lac meters per month. We introduced the production of yarn-dyed greige in March, 2006 which is a superior product to the simple greige, utilized for export-quality garments and fetches better realization and margins. For instance, in 2008-2009, a meter of plain greige fabric realized an average price of Rs. 47.62 while a meter of yarn-dyed greige fabric realized a price of Rs. 53.02.

The output of the fabric processing activity is finished cloth and our processing capacities are utilized for own requirements as well as job-work. The production of finished cloth is used mainly for in-house consumption for garmenting and external demand for finished fabric.

However the capacity utilization shows a decreasing trend as the fabric processing capacity is defined by the capacity available for top-dyeing (stenter-finish) which is a required treatment irrespective of the nature of the fabric output

Over the last three years, the proportion of in-house fabric processing to job-work has increased. As in-house fabric processing is done on the piece-dyeing basis wherein all dyeing processes are used as against job-work that utilizes only the top-dyeing process, the dependence on the stenter-machines has relatively reduced.

We try to ensure that our garmenting capacities are utilized in an optimum manner. The garment business displays seasonality and in the peak production season, our manufacturing capacities are optimally utilized and production is also outsourced partially on a job-work basis. We offer garments in the premium segments primarily in the overseas market which involve intricate styles. With the growing demand for our garment products, we have undertaken plans to enhance the garment manufacturing capacity.

## **Liquidity and Capital Resources**

### ***Cash and Working Capital***

#### **Summary of Cash flows**

Particulars	Rs. in lacs				
	FY 2006	FY 2007	FY 2008	FY 2009	Nine month period ended December 31, 2009
<b>Cash Flows from:</b>					
Operating activities	92.11	1,326.03	(432.92)	5,209.30	(1,168.22)
Investing activities	(9,337.92)	(2,265.13)	(6,019.15)	(11,483.95)	(5,593.72)
Financing activities	9,289.83	803.17	6,627.86	6,620.04	6,831.20
<b>Net increase (decrease) in cash</b>	44.02	(135.93)	175.79	345.40	69.26
Cash at beginning of year	129.92	173.94	38.01	213.80	559.20
Cash at end of period	173.94	38.01	213.80	559.20	628.46

#### **Operating Activities**

Net cash from operating activities for the Financial Year ended 2007 was Rs 1,326.03 lacs as compared to the EBIDTA of Rs. 4,423.47 lacs for the same period. This difference is primarily on account of increase in inventory holding and receivable levels after the commencement of commercial operation of shirting unit.

Net cash from operating activities for the Financial Year ended 2008 was negative at Rs 432.92 lacs as compared to the EBIDTA of Rs 7,309.65 lacs for the same period. This difference is primarily on account of increase in inventory holding and receivable levels. This was also due to sharp increase in advances paid to suppliers for new project at Tarapur and increase in deposits for rented premises.

Net cash from operating activities for the Financial Year ended 2009 was Rs 5,209.30 lacs as compared to the EBIDTA of Rs 8,811.67 lacs for the same period. This difference is primarily on account of higher operating profit and increase in payable levels due to better credit terms extended by the suppliers along with increase in other liabilities like advance received from customers.

Net cash from operating activities for the nine month period ended December 31, 2009 was negative Rs. 1,168.22 lacs as compared to EBIDTA of Rs. 9,328.19 lacs for the same period. This was mainly on account of increase in sundry debtors.

#### **Investing Activities**

For the Financial Year ended March 31, 2007, the net cash invested in Investing Activities was Rs. 2,265.13 lacs. This expenditure was on account of increase in net block owing to expansion plans undertaken at shirting and process units.

For the Financial Year ended March 31, 2008, the net cash invested in Investing Activities was Rs. 6,019.15 lacs. This expenditure was mainly towards increase in fixed asset base for new garment manufacturing units at Bangalore and new CDR / CBR process house at Tarapur, Thane

For the Financial Year ended March 31, 2009, the net cash invested in Investing Activities was Rs. 11,483.95 lacs. This expenditure was towards increase in fixed asset base for new CDR / CBR process house at Tarapur, Thane

For the nine month period ended December 31, 2009, the net cash invested in investing activities was Rs. 5,593.72 lacs. This expenditure was mainly towards machinery purchased as mentioned in the section titled “Objects of this Issue” on page no 42 of this RHP

### Financing Activities

Net cash from financing activities for the Financial Year ended March 31, 2007 was Rs. 803.17 lacs comprising of increase in term loans and working capital borrowings.

Net cash from financing activities for the Financial Year ended March 31, 2008 was Rs. 6,627.86 lacs comprising of increase in share capital due to fresh infusion of equity capital of Rs. 1622.55 lacs and also increase in term loans and working capital loans.

Net cash from financing activities for the Financial Year ended March 31, 2009 was Rs. 6,620.04 lacs comprising of increase in term loans and working capital loans.

Net cash from financing activities for the nine month period ended December 31, 2009 was Rs. 6,831.20 lacs. This comprises of proceeds from issue of share capital as well as long term borrowings from ICICI Bank and Bank of Baroda.

### Summary of Working Capital Requirements

Rs. In lacs

Particulars	FY 2006	FY 2007	FY 2008	FY 2009	Nine month period ended December 31, 2009
Current Ratio	1.28	1.61	1.82	1.54	2.01
Net Working Capital	879.00	3,215.21	6,708.06	6,756.66	16,455.75
Collection period (in Days)	39.64	44.59	28.22	32.13	60.26
Inventory	2,523.47	4,948.68	9,036.23	13,726.07	17,945.52
Stock Turnover (in Days)	54.48	85.40	92.25	124.04	130.33
Payment period (in Days)	39.04	40.99	29.84	46.61	57.51
Collection period / Payment period (in days)	1.02	1.09	0.95	0.69	1.05

Our current ratio has increased from 1.28 in FY 2006 to 1.54 in FY 2009. Our current ratio had gone up to 1.82 in FY 2008. In FY 2008, our current assets had significantly increased on account of increase in deposits with related parties from FY 2007 to FY 2008. This was on account of the fact that with effect from 1<sup>st</sup> April 2007, the Company had increased the deposit amount against the property rented by them for corporate office. Against this increase in deposit, the monthly rent payable by the Company for the said property was reduced.

Inventory comprises of raw material, work in progress & finished goods and auxiliary materials. It has increased from Rs. 2,523.47 lacs in FY 2006 to Rs. 13,726.07 lacs in FY 2009. This is primarily due to increase in the capacity with the beginning of commercial operation of new units and increase in capacity leading to higher stocking requirements of raw materials and finished goods and also increase in buffer stock .

For the nine month period ended December 31, 2009, our inventory stood at Rs. 17,945.52 lacs.

Over the period of time, our collection period in number of days has reduced from 39.64 days in FY 2006 to 32.13 days in FY 2009. In FY 2008, it was still lower at 28.22 days. Our debtors had increased to Rs. 4,078.09 lacs in FY 2009 from Rs. 3,146.79 lacs in FY 2008. The increase in debtors From FY 2008 to FY 2009 was mainly on account of longer credit period offered to the customers. This reduction is on account of reduction in credit period offered to the customers and extensive use of factoring and post shipment finance facilities.



For the nine month period ended December 31, 2009, our collection period in number of days was 60.26 days. Our sundry debtors for the corresponding period were Rs. 9,624.55 lacs.

Conversely, the payment period has gone up from 39.04 days in FY 2006 to 46.61 days in FY 2009 due to higher credit period negotiated with suppliers especially capital goods suppliers.

For the nine month period ended December 31, 2009, our payment period in number of days was 57.51 days. Our creditors for the corresponding period stood at Rs. 6,538.92 lacs.

### Long Term Debt

Rs. in lacs

Particulars	FY 2006	FY 2007	FY 2008	FY 2009	Nine month period ended December 31, 2009
Secured Debt	13,648.46	15,647.37	21,460.92	30,534.89	35,647.79
Unsecured Debt	507.13	478.78	1,301.19	1,281.64	2,740.70
<b>Total</b>	<b>14,155.59</b>	<b>16,126.15</b>	<b>22,762.11</b>	<b>31,816.53</b>	<b>38,388.49</b>
% increase		13.92	41.15	39.78	-

The increase in secured debt is on account of increase in term loan availed to finance Company's expansion projects and also on account of increase in working capital borrowings to meet Company's growing working capital needs for growth in sales volumes.

The unsecured debt witnessed a sudden increase in FY 2008 on account of fresh loans availed to meet their additional working capital requirements.

### Significant Accounting Policies

- **Basis Of Accounting:**

The financial statements are prepared as a going concern under historical cost convention on an accrual basis except, those with significant uncertainty and in accordance with the Companies Act, 1956. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles, reasonable estimates and assumptions and prudent commercial practices.

- **Fixed Assets:**

1. The Gross Block of Fixed asset is recorded at cost, which includes duties and other identifiable direct expenses up to the date of commissioning of the assets and wherever applicable is net of credits available under CENVAT and VAT schemes and 10 % capital subsidy granted by the Central Government on processing and garmenting machinery.

2. Incidental expenditure including interest on loans during construction period is capitalised up to the date of attainment of commercial production.

3. Profit/ Loss on the sale of fixed assets is accounted for in the Profit and Loss Account and credited/debited respectively to profit and loss account.

- **Intangible Assets:**

Intangible Assets are stated at cost of acquisition less accumulated amortization. Computer Software is amortised over a period of five years. Amortisation is done on straight line basis.

- **Depreciation:**

Depreciation on fixed Assets is charged as follows:

1. Premium on leasehold land is amortised in equal installments over the period of the lease.

2. Capital expenditure on rented premises is amortised at the depreciation rate applicable to factory building under the Companies Act, 1956.



3. All assets of Dyeing, Weaving, Shirting, Garment & Export Divisions – on Straight Line Method.
  4. All assets of Fabric Division – on Written Down value Method.
  5. On additions to the fixed assets made during the year, depreciation is provided on pro-rata basis, with reference to the date of addition.
  6. On deletion or sale of assets, no depreciation is provided.
- **Borrowing Cost:**  
Interest and other cost in connection with the borrowing of funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and all other borrowings cost are charged to revenue.
  - **Investments:**  
Long term investments are valued at cost. Any decline other than temporary, in the value of long term investments is adjusted in the carrying value of such investments.
  - **Inventories:**
    1. Finished goods (other than finished fabric) are valued at cost or market value which ever is lower. The cost of finished fabrics is arrived after deducting estimated margin from the selling price of the goods.
    2. Work in progress valued at cost .Cost comprises all cost of materials, cost of conversion and any other cost incurred in the production process.
    3. Raw materials for weaving, shirting and fabric division is valued at cost following specific identification method. The stock of auxiliary material for process division is valued on FIFO basis. The stock of Raw materials and auxiliary material for export division is valued at standard cost with appropriate application of variances to the stock of raw materials. The damaged, unserviceable and inert raw materials are valued at net realisable value.
    4. Stores and Spares and sample fabric purchases, are charged to profit and loss account in the year of purchase.
    5. Stock of unsold flats is valued at cost.
  - **Sales And Purchases:**
    1. Sales include sale of raw materials, semi-finished goods and finished goods. Sales also include Processing charges, Garment Stitching charges, Sample charges and Duty Drawback received.
    2. Value Added Tax (VAT) collected is shown as liability and netted off against VAT refund.
    3. Sales and purchases are accounted net of cash discount, returns, rebate, etc.
    4. Purchases also include custom duty paid on raw material imports.
    5. Export sales are accounted on CIF value or FOB value basis depending on the terms of sale.
    6. Export sales of samples are accounted on realisation basis.
    7. Export Incentives like DEPB license or Duty Drawback available on exports are recognised on accrual basis in the year of exports.
  - **Expenses**  
All material known liabilities are provided for on the basis of available information/ estimates.
  - **Foreign Currency Transaction:**
    1. Export sales are recorded at the exchange rate prevailing on the date of the transaction. Purchases & other expenditure in foreign currencies is accounted at the exchange rate prevailing on the date the transactions are recorded in the books of the company.

2. Monetary items denominated in foreign currency are restated at the exchange rate prevailing at the year-end except for Paris Office accounts and the overall net gain / loss is adjusted to the profit & loss account.
  3. Premium receivable / payable on forward contracts, if any, is amortised over the period of contract and the unamortised premium is shown under Current Liabilities / Assets.
  4. Paris office transactions are accounted at the exchange rate prevailing at the time of payment.
- **Employee Benefits:**
    - a. **Defined Contribution Plan**  
Contribution to provident fund is accounted on accrual basis with corresponding contribution to recognised fund.
    - b. **Defined Benefit Plan**  
The Company has Defined Benefit Plan for gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. Gratuity scheme is administered through trust and the trust funds are managed under the employee gratuity scheme of LIC.
    - c. Company does not have any policy for Leave Encashment or any other pension plans/schemes.
  - **Operating Lease:**  
Operating lease payments are recognized as an expense in Profit & Loss accounts on accrual basis. Lease payments relating to project under development are capitalized to respective projects.
  - **Income Tax :**

Current Tax : Provision is made for Income tax under the tax payable method based on the liability as computed after taking credit for allowances and exemptions. Current Tax provided for the year is also net of MAT Credit available under the I.T Act.

Deferred Tax : Consequent to the Accounting Standard 22- Accounting for Taxes on Income becoming mandatory effective from 1<sup>st</sup> April,2002, the differences that result between the profit offered for income tax and the profit as per financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted regulations.
  - **Government Grants:**  
Grants in the nature of interest subsidy under the Technology Up gradation Fund Scheme (TUFS) and capital subsidy on processing machinery are accounted for when it is reasonably certain that ultimate collection will be made.
  - **Impairment Of Assets:**
    1. As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine,
      - The provision for impairment loss, if any required or,
      - The reversal, if any, required of impairment loss recognized in previous periods.
    2. Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.
    3. Recoverable amount is determined,  
In the case of an individual asset, at the higher of the net selling price and the value in use.  
In the case of a cash-generating unit, (a group of assets that generates identified independent cash flows), at the higher of the cash generating unit's selling price and the value in use.  
(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)
  - **Provision, Contingent Liabilities And Contingent Assets:**
    1. Contingent Liabilities are not recognized, but disclosed in the case of,  
A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation. or  
A possible obligation, unless the probability of outflow of resources is reasonably certain.

2. Contingent Assets are neither recognised, nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance sheet date.

## **INFORMATION AS PER Schedule VIII Part A section IX (E) (5) of the ICDR Regulations**

### **1. Unusual or infrequent events or transactions**

Other than as stated in the section titled “Financial Statements” beginning on page 167 of this RHP, there have been no unusual or infrequent transactions that have taken place during the last three years.

### **2. Significant economic changes that materially affected or are likely to affect income from continuing operations**

Other than as mentioned under section titled “Risk Factors” and “Factors that may affect Results of Operations” in “Management’s Discussion and Analysis of Financial Condition & Results of Operations” and on pages xii and 197 of this RHP, we do not believe that there are any other significant economic changes that materially affect or are likely to affect income from continuing operations.

### **3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as described in this RHP, particularly in “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages xii, 78 and 197, respectively of this RHP, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

### **4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or price that will cause a material change are known.**

Certain factors shall be mainly responsible for determining the future relationship between costs and revenues such as our continuing focus on products and geographies offering higher realizations and margins, benefits of vertical integration, optimum utilization of capacities, increasing the domestic sale of garments, increasing share of the garmenting segment that renders the highest margins in the textile value chain etc.

### **5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices**

Changes in revenues during the last three fiscal years are explained in “Management’s Discussion and Analysis of Financial Condition & Results of Operations” under the subsections “Comparison of the financial performance of FY 2009 with FY 2008”, “Comparison of the financial performance of FY 2008 with FY 2007” and “Comparison of the financial performance of FY 2007 with FY 2006” under the respective paragraphs titled “Net Sales”.

### **6. Total turnover of each major industry segment in which the issuer company operates.**

We are operating in two business segment namely the Textiles and Apparels industry. Relevant published data, as available, for the industry turnover has been included in the section entitled “Industry Overview” beginning on page 70 of this RHP.

### **7. Status of any publicly announced new products or business segment.**

Please refer to the section titled “Business Overview” beginning on page 78 of this RHP.

### **8. The extent to which the business is seasonal.**

We do not experience seasonality in the textile segment of our business. There are primarily two fashion seasons in the garmenting business being the summer and winter season. We experience seasonality in the garmenting segment wherein the first and third quarters of the financial year are subdued in terms of sale of garments.

**9. Any significant dependence on a single or few suppliers or customers**

We source our raw materials from a number of suppliers and are not dependent on any single or few suppliers. For the nine month period ended December 31, 2009, we derive about 55.34% of our sales from our top ten customers. For further details with respect to our customers, please refer to chapter titled “Business Overview” on page 78 of this Red Herring Prospectus.

**10. Competitive Conditions**

We face competition both from larger and well-established players.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoters and our Group Entities that would have a material adverse effect on our business. Further there are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.

This section has been divided into seven parts:

Part 1 Contingent Liabilities of our Company
Part 2 Litigation relating to our Company
Part 3 Litigation against our Directors
Part 4 Litigation relating to our Promoter and Group Companies
Part 5 Penalties imposed in past cases
Part 6 Amounts owed to Small Scale Undertakings and other Creditors
Part 7 Material Developments

#### PART 1 – CONTINGENT LIABILITIES OF OUR COMPANY

As on December 31, 2009, contingent liabilities not provided for were as follows:

Particulars	<i>(Rs. in lacs)</i> 31.12.2009
Export Invoice Discounted with Banks	922.84
Income Tax Demand	103.28
Excise Duty Demand	312.76
Bank Guarantee	240.93
<b>Total</b>	<b>1,579.81</b>

For further details please refer to chapter titled “Financial Information” beginning on page no. 167 of this Red Herring Prospectus.

#### PART 2 – LITIGATION RELATING TO OUR COMPANY

##### *CASES FILED AGAINST OUR COMPANY*

##### A. CRIMINAL CASES

- Complaint no. 897/SS/2007 filed by Mr. R. K. Mahatre, Inspector, Security Guard Board for Brihan Mumbai and Thane District against our Company, Mr. Purushottam Mandhana and Mr. Manish Mandhana before the Chief Metropolitan Magistrate at Ballard Estate, Mumbai**

Mr. R. K. Mahatre has filed this complaint in the capacity of the Inspector, Security Guard Board for Brihan Mumbai and Thane district, appointed as per the provisions of Section 16 of the Maharashtra Private Security Guards (Regulation of Employment & Welfare) Act, 1981. It has been alleged that our Company has contravened the provisions of Clause 13(1)(C) and 42 of the Maharashtra Private Security Guards (Regulation of Employment & Welfare) Scheme, 2002 by failing to get itself registered under the Scheme mentioned above.

Further, it has been prayed that process be issued against our Company and Mr. Purushottam Mandhana and Mr. Manish Mandhana be directed to execute bonds under section 88 of the Criminal Procedure Code.

The complaint is currently pending before the Chief Metropolitan Magistrate.

## **B. EXCISE CASES**

### **1. Notice no. C. Ex./Bond/Sec-II/M/2006/884 dated November 29, 2006 from Superintendent (Bond) Central Excise, Mumbai - I.**

A notice bearing no. C. Ex./Bond/Sec-II/M/2006/884 dated November 29, 2006 was issued by the Superintendent (Bond) Central Excise, Mumbai – I, alleging failure on behalf of our Company to file Proof of Export (POE)/Unutilized Certificate with respect to the BT/CTI No. 01 dated February 28, 1996 for the amount of Rs. 85,000/- availed by our Company under the terms and conditions of the General Bond no. 1271/1996 for Rs. 5,00,000/- executed by our Company under Rule 13 of the Central Excise Rules, 1944 *vide* above notice our Company was called upon to file POE failing which action under the Central Excise Act and Rules would be initiated against our Company. There has been no correspondence thereafter from the Superintendent (Bond) Central Excise, Mumbai.

### **2. Notice no. C. Ex./Bond/Sec-II/M/2006/1750 dated December 22, 2006 from Superintendent (Bond) Central Excise, Mumbai - I.**

A notice bearing no. C. Ex./Bond/Sec-II/M/2006/1750 dated December 22, 2006 was issued by the Superintendent (Bond) Central Excise, Mumbai – I, alleging failure on behalf of our Company to file Proof of Export (POE)/Unutilized Certificate with respect to the BT/CTI No. 01 for an amount of Rs. 5,86,447/- and 2,00,000/- availed by our Company under the terms and conditions of the General Bond nos. 624/1997 and 1981/2001 for Rs. 10,00,000/- each executed by our Company under Rule 13 of the Central Excise Rules, 1944 *vide* above notice our Company was called upon to file POE failing which action under the Central Excise Act and Rules would be initiated against our Company. There has been no correspondence thereafter from the Superintendent (Bond) Central Excise, Mumbai.

### **3. Appeal No. 548 of 2005 filed by the Commissioner of Customs, Chennai against our Company before Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Chennai.**

Our Company imported a consignment of polyester fabric at Chennai post in or about October 2000. The goods were cleared on October 19, 2000 *vide* bill of entry no. 031949 dated October 18, 2000. A less charge demand notice dated April 19, 2001 under Section 28(1) of the Customs Act, 1962 was issued by the Deputy Commissioner of Customs, Group-7, Chennai, demanding duty of Rs.2,99,745/- allegedly short levied and further alleging that as per the conditions of the notification 17/2000-CE, the concessional rate of the duty mentioned in the said notification is only allowed to the goods which are manufactured in India and not allowed for the imported goods. According to the notice, additional customs duty @ 16%+8%+15% on 16%+0.05% CESS should have been levied on the said goods. The Company *vide* its reply dated April 30, 2001 submitted that the assessment done with CVD charges @ 8%+8%+0.05% CESS was correct and it must be accepted and demand notice be withdrawn. The Deputy Commissioner of Customs *vide* order-in-original no. 3118/2004-Gr.7 dated November 18, 2004 decided the case ex-parte and confirmed the duty demand of Rs.2,99,745/- with interest.

Our Company filed an appeal being appeal no. 519 of 2005 before the Commissioner of Customs (Appeal), Chennai the above order-in-original. The Commissioner *vide* its order-in-appeal dated August 10, 2005 set aside the order and allowed the appeal. Deputy Commissioner of Customs issued a Detention Notice dated July 25, 2005 under Clause (a) to sub-section 1 of Section 142 of the Customs Act, 1962, alleging failure on part of the Company to pay the amount demanded *vide* above order-in-original. Our Company *vide* letter dated August 16, 2005 prayed for the withdrawal of the detention notice and submitted the order-in-appeal passed by the Commissioner.

The department filed an appeal no. C/548/05, challenging the order-in-appeal passed by the Commissioner along with a stay application being application no. C/SO/384/05 praying for stay of operation in the order-in-appeal, before the Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Chennai. The Appellate Tribunal *vide* its order dated December 18, 2006 dismissed the stay application filed by the department. The appeal is pending for final hearing.

## C. INCOME TAX CASES

### 1. Appeal No. 6425/M/60 filed before the Income Tax Appellate Tribunal for the Assessment Year 2004-2005.

The Assistant Commissioner of Income Tax, Circle 6(3) filed the above appeal no. 6425/M/06 against our Company for setting aside the order dated September 28, 2006 passed by the Commissioner of Income Tax (Appeals) XXVI, Mumbai, in appeal no. CIT(A)XXVI/DCIT-6(3)/758/2005-2006 partly allowing the appeal filed by our Company, on the following grounds:

- a. the CIT(A) erred in directing to allow a sum of Rs. 1,23,037/- being 90% of garment quota, without appreciating the fact that only specific export incentives listed in section 28(iii)(a) to 28(iii)(e) are entitled for deduction under section 80HHC. The CIT(A) further failed to appreciate that garment quota does not form part of deduction allowed for the purpose of computation of deduction under section 80HHC;
- b. the CIT(A) erred in directing the assessing officer to consider net receipt received on account of processing charges which need to be excluded from the profit of the business while determining deduction under section 80HHC.

The appeal is currently pending before the Income Tax Appellate Tribunal.

### 2. Appeal number 4384/M/09 filed before the Appellate Tribunal against our company by ACIT, Cir – 6 (3), Mumbai and order passed on that basis dated May 08, 2009 by the Asst. Commissioner of Income – Tax for the assessment year 2005-2006.

The above appeal number 4384/M/09 has been filed before the Appellate Tribunal against our company by ACIT, Cir – 6 (3), Mumbai challenging the order dated May 08, 2009 passed by the Asst Commissioner of Income Tax on the following grounds:

- a) On the facts and in the circumstances of the case, the Ld. CIT (A) erred in allowing the claim of the assessee relying on the decision of the Madras High Court in the case of Salem Co.op Spinning Mills Ltd. 258 ITR 360, without appreciating the fact that the Bombay High court in the case of CIT vs. Pamwi Tissues Ltd 215 CTR 150 has allowed Revenue's appeal.
- b) The appellant prays that the order of Ld. CIT (A) on the above grounds be set aside and that of the assessing Officer be restored.
- c) The appellant craves leave to amend or alter any ground or add a new ground which will be necessary.

This matter is currently pending before the ITAT.

## D. LABOUR CASES

### 1. Show Cause Notice No. IS&H/SCH/VVK/2003/2659 dated August 29, 2003 issued by Deputy Director Industrial Safety & Health, Vasai.

A show cause notice no. IS&H/SCH/VVK/2003/2659 dated August 29, 2003 was issued by the Deputy Director Industrial Safety & Health, Vasai, in the name of our Company, inquiring about the accident that took place on Lab Beaker Dyeing Machine due to non-fencing of coupling of the Dyeing Machine and also informing our Company that no written information about the accident was sent to them. *Vide* this show cause notice, Deputy Director called our Company to show cause as to why legal action should not be initiated against our Company for the said accident. *Vide* letter dated September 03, 2003 our Company informed the Joint Director that form 24-A reporting the accident was already sent to them by post, and also informed that the fencing was not required as per the manufacturer of the machine and that the Company had paid all the medical expenses of the employee. There have been several personnel hearing in the above matter.

The Matter is pending before Labour Court, Thane.



**2. Statement of Claim bearing no. Reference No. 11 of 2007 filed by Textile Kamgar Sabha against Mandhana Dyeing Mills before the Industrial Tribunal, Thane.**

The Textile Kamgar Sabha has filed the statement of claims against the dyeing division of our Company on behalf of the employees and the contract labourers of the said division. The statement of claims has been allegedly filed in order to secure better terms and conditions of employment for the said workers. The demands of the Textile Kamgar Sabha pertain to the following:

Permanency of employment, Pay scale, Basic pay, fitment/adjustment, dearness allowance, working hours/rest/ weekly holidays/leave facilities, privilege leave, casual leave, sick leave, paid holidays, allowances, attendance bonus, tea and canteen subsidy, emergency advance, shift allowance, festival advance, bonus and loans.

Our Company *vide* its written statement submitted that the workmen working at the said unit are neither members of the said union at present nor have been at any time in the past and that the said union with malafide intention obtained certificate of representatives union for the Processing Units in Palghar Taluka from the office of the Deputy Commissioner of Labour, Thane. Our Company has further submitted that the above statement of claim is not entitled to any of the reliefs prayed for by them. Our Company also submitted that it is not engaged in any unfair labour practice much less under provision of Factories Act, 1948 and Minimum Wages Act and prayed for rejection of the statement of claim before the Tribunal.

The matter is pending before the Tribunal.

**E. CIVIL CASES**

**1. Arbitration between Toyota Constructions Private Limited and our Company.**

Toyota Construction Private Limited (“Toyota”) had offered a tender, in response to our Company’s notice Inviting Tender, for construction of weaving house of our Company, situated at Tarapur for which Toyota was granted a contract on September 15, 2004. The tender contract was governed by terms and conditions as set out therein. Toyota by their letter invoked Arbitration under clause 62 of the contract dated September 15, 2004 for the alleged non payment of the sum of money provided in the statement of bill issued to our Company. In all, Toyota has made a claim of Rs. 441.38 lacs on account of the following:

- a. Outstanding Payment- Rs. 227.50 lacs
- b. On account of financial losses due to overhead expenses, expenses due to overstay of plants, machinery, tools and equipments and expenses due to escalation- Rs. 103.27 lacs
- c. On account of interest at the rate of 16% per annum upto January 31, 2008- Rs. 95.61 lacs
- d. On account of arbitration clause- Rs. 15.00 lacs

Our Company replied to Toyota’s letter dated May 8, 2007 contending delay in performance of the contract to construct the said weaving house along with performance of defective work on the part of Toyota and submitted a counter claim before the Arbitral Tribunal for an amount of Rs. 392.08 lacs along with interest @ 18% per annum on the grounds mentioned hereinabove. Both the parties have appointed one arbitrator each.

The matter is currently pending before the Arbitral Tribunal.

**F. POTENTIAL LITIGATION**

**1. Notice dated June 12, 2009 issued by Mr. Dhananjay Mishra advocate on behalf of M/s. Olivia Designers and Exporters**

A notice bearing number Regd AD/U.P.C dated June 12, 2009 was issued to Mr. Manish Mandhana, Director of our Company by Mr. Dhananjay Mishra advocate on behalf of M/s. Olivia Designers and Exporters. Mr. Mishra alleged that invoice no. 73 dated March 04, 2009 for Rs. 96,600/- and invoice no. 83 dated March 20, 2009 for Rs. 46,310/- was not paid for by Mr. Manish Mandhana and asking him to pay Rs. 1,42,910 with interest @ 12% p.a. within 15 days of the receipt of notice failing which suitable legal proceedings, both criminal and civil would be initiated.



**2. Notice dated May 06, 2009 issued by Mr. Vinod M. Shah advocate on behalf of M/s. U.V. Marketing Services**

A notice dated May 06, 2009 issued by Mr. Vinod M. Shah advocate on behalf of M/s. U.V. Marketing Services was issued to five others and to Mr. Purushottam Mandhana and our Company being 6<sup>th</sup> and 7<sup>th</sup> parties, alleging defamation, fraud and conspiracy against our Company and creating false documents with a purpose of denying commission legitimately due by M/s. U.V. Marketing Services. An unconditional apology and a sum of Rs. 100 lacs was asked to be paid as compensation towards damages caused to the present and potential business of the opposite party and for mental agony and stress. The failure to do so would invite penal actions.

**CASES FILED BY OUR COMPANY**

**G. CRIMINAL CASES**

**1. Complaint No. 89/S/2006 in the 29<sup>th</sup> Court of Metropolitan Magistrate at Dadar, Mumbai filed by our Company against Patloon Apparels Private Limited**

Our Company supplied the directors of the defendant with goods worth Rs. 15,58,758/-. The defendant, however, failed to make the aforesaid payment. Further, the defendant sold the consignment of goods delivered and misappropriated the proceeds therefrom. Our Company has thus filed this case under sections 420/418/120B of the Indian Penal Code, 1860 claiming a loss of Rs. 25,42,236/- and praying that the police take action under section 156(3) of the Criminal Procedure Code to recover the said goods or proceeds from the defendant. The above complaint is pending before the Metropolitan Magistrate.

**2. Case No. 317/M/05 in the 7<sup>th</sup> Court of Metropolitan Magistrate at Dadar, Mumbai filed by our Company against Patloon Apparels Private Limited**

Our Company supplied the directors of the defendant with goods worth Rs. 15,58,758/-. Further, our Company issued a bill to the defendant dated March 27, 2002 bearing number 03586 for the payment of Rs. 2,93,800/-. The defendant, however, issued two cheques for Rs. 1,00,000/- each, which, on depositing were dishonoured by the bank. In spite of further correspondence in this regard the defendant failed to make the payment, as a result of which, our Company filed this case under section 138 read with section 141 of the Negotiable Instruments Act. The above matter is pending before the Metropolitan Magistrate.

**H. EXCISE CASES**

**1. Settlement Application filed against the Show Cause Notice no. F. No. V. Adj (SCN) 30-43/Thane-II/06 dated June 09, 2006 issued by Additional Commissioner, Central Excise, Thane – II.**

The above show cause notice was issued by the Commissioner, Central Excise, Thane-II, in the name of our Dyeing Division at Tarapur, our Company, our Export Division and Mr. Purushottam Mandhana (Noticees),

- i. calling upon our Dyeing unit to show cause as to why:
  - a. the deemed credit availed by our Company at the time of clearance of the aforesaid goods as well as deemed credit arising out of the differential duty leviable on the same goods, should not be denied in terms of para 6 of Notification No. 6/2002 CE dated March 01, 2002 while demanding the duty short paid;
  - b. the duty demanded after denying the benefit of notification no. 6/2002 CE dated March 01, 2002 works out to Rs. 41,525,760/- for the period May 01, 2001 to May 24, 2003 should not be demanded and recovered from them under the provisions of section 11A(1) of Central Excise Act, 1944;
  - c. interest at the appropriate rate should not be recovered from them under section 11AB of the Central Excise Act, 1944;
  - d. penalty should not be imposed on them under the provisions of section 11AC of the Central Excise Act, 1944;
  - e. penalty should not be imposed on them under the provisions of Rule 173Q(1) of the Rules and later on Rule 25 of the new Rules; and
  - f. the Central Excise Duty of Rs. 1,520,259/- and interest of Rs. 53,859/- paid by our Company should not be appropriate towards the Central Excise Duty and interest as may be determined as payable / leviable in respect of duty and interest demanded above at sr. no. (b) and (c).

- ii. calling upon our Company and our Export Division to show cause as to why penalty should not be imposed on each of them under Rule 209A of the Rules and later Rule 26 and / or Rule 27 of the new Rules.
- iii. Calling upon Mr. Purushottam Mandhana to show cause as to why penalty should not be imposed on him under Rule 209A of the Rules and later Rule 26 and / or Rule 27 of the new Rules for the aforesaid acts of omission and commission on his part.

All the Noticees filed a settlement application before the Settlement Commissioner on the following grounds:

- a. the effective rate of duty not allowed show cause notice issued taking maximum duty as per tariff rate;
- b. deemed credit of Cenvate Credit not allowed;
- c. department has gone against its own letter F. No. V/PI/TH-II/12-17/2003/2680 dated June 21, 2005;
- d. duty was being paid on coat construction basis equal to the duty which was being paid in respect of fabrics received from the independent job workers as well as on their own fabrics received from the principal and another division at the same ratio. Therefore the present show cause notice is in discrimination;
- e. show cause notice is time barred as the same is issued after the stipulated period;
- f. there is no suppression, fraud collusion, misstatement in this case as all the facts are known to the department;

The Settlement Commission passed an interim order dated November 15, 2006 directing the company to pay Rs. 3,12,75,928/- as a condition of admitting the application and also adjusted Rs. 20,75,100/- already paid by the Company before issuance of show cause notice. Further as per the order dated January 06, 2010 passed by the High Court of Bombay, in the Writ Petition no. 622 of 2007, our Company has deposited Rs. 2,21,76,672, aggregating to Rs. 42,92,772/- with Administrative Officer, Customs and Central Excise, Settlement Commission, Mumbai. The Settlement Application is pending before the Settlement Commissioner.

## I. INCOME TAX CASES

### 1. Appeal no. 17A/6425/M/06 filed by our Company before the Income Tax Appellate Tribunal for the Assessment Year 2004-2005.

Our Company file the above appeal before the Appellate Tribunal for setting aside the order dated September 28, 2006 passed by the Commissioner of Income Tax (Appeals) XXVI, Mumbai, in appeal no. CIT (A) XXVI/DCIT-6(3)/758/2005-2006 partly allowing the appeal filed by our Company, on the following grounds:

- a. Disallowance of Employees Contribution to PF amounting to Rs. 73,742/- and Employer's contribution to PF amounting to Rs. 62,795/-;
- b. Disallowance of Rs. 53,000/-, expenses incurred on increasing authorised share capital;
- c. Erred in confirming the action of the assessing officer considering the profits of the whole business for the purpose of working of deduction under section 80HHC even when separate books have been maintained in respect of Export Division;
- d. Failed to appreciate that the Export Division of our Company was functioning independent of the other division and hence, deduction under section 80HHC had to be worked out on the basis of the profits derived from the activities and ignoring the profit of the other divisions not connected to exports;
- e. Erred in confirming the action of the assessing officer in holding that the commissioner income is falling under clause (baa) and thereby, reducing 90% of the commission from profits of business for computation of deduction under section 80HHC;
- f. Erred in confirming the action of the assessing officer in reducing 100% of the miscellaneous income from profits of the business while computing the deduction under section 80HHC on the ground that the same is not related to export business;
- g. Erred in not appreciating that only 90% of the net income and not the gross income could be deducted;
- h. Erred in confirming the levy of interest under sections 234B, 234C and 234D.

The appeal is pending before the Income Tax Appellate Tribunal.

### 2. Appeal No. 4026/Mum-2009 filed by our Company before the Income Tax Appellate Tribunal, Mumbai for the assessment year 2005-2006.

Our company has filed the abovementioned appeal before the ITAT for setting aside the order dated May 8<sup>th</sup>, 2009 passed by the Commissioner of Income Tax (Appeals) VI, Mumbai in Appeal No. 254 of 2009, on the following grounds:

- a. The CIT(A) erred in confirming the disallowance of the amount paid towards the Employee's Contribution to Provident Fund amounting to Rs. 16,88,129/- and to Employees State Insurance Corporation amounting to Rs. 249,311/- after the due date for paying the same.
- b. The CIT(A) erred in confirming the disallowance of the written off land premium amounting to Rs. 1,10,419/- .
- c. The CIT(A) erred in confirming the disallowance of an amount of Rs. 81,260/- paid towards penalty to Apparel Export Promotion Council on account of non-fulfilment of export obligation.

The appeal is currently pending before the ITAT

**3. Appeal filed by our Company before the Commissioner of Income Tax (Appeals)- VI, Mumbai, for the assessment year 2006-2007.**

Our Company has filed the abovementioned appeal before the Commissioner of Income Tax (Appeals)- VI, Mumbai for setting aside the assessment order dated December 26, 2008 passed by the Assistant Commissioner of Income Tax, on the following grounds:

- a. The assessment officer erred in disallowing an amount of Rs. 16,91,780/- paid towards the employees' contribution to provident fund on the ground that the same was not paid within the due date.
- b. The assessment officer erred in disallowing an amount of Rs. 8,52,812/- paid towards the employees' contribution to provident fund one day after the due date which was a holiday.
- c. The assessment officer erred in disallowing the written off land premium amounting to Rs. 3,24,611/- and treating the same as capital in nature.
- d. The assessment officer erred in making an addition of Rs. 11,46,420/- on account of difference arising between the income as per the AIR data and the income as per the books maintained by our Company.
- e. The assessment officer erred in levying interest in accordance with the provisions of section 234B and 234C of the I.T Act.
- f. The assessment officer erred in initiating penalty proceedings under section 271 (1)(c) of the I.T Act, on the grounds that our Company had furnished inaccurate information in order to conceal income.

The appeal is currently pending before the Commissioner of Income Tax (Appeals).

**4. Appeal number P.A. No. AAB CM6615 M dated January 16, 2010 against order under section 143(3) for Assessment year 2007-08 before the Commissioner Income Tax (A)-XII, Mumbai.**

Our company filed the above appeal before the Hon'ble Commissioner of Income Tax (A) – XII for setting aside the order dated December 24, 2009 passed by the Additional Commissioner of Income Tax, Range 6 (3), Mumbai under section 143 (3) of the Income Tax Act, 1961, on the following grounds:

- i. Additions under section 145 A of Rs.28,49,027/-
  - a) Erred in applying the provisions of Section 145 A on closing stock only without making corresponding adjustment in the opening stock.
  - b) Erred in adding the modvat credit of fixed assets of Rs.2,93,828/- to the valuation of closing stock though there is absolutely no relation of the same.
  - c) Erred in making additions of Rs.28,49,027/- towards modvat and cenvat component valuation of closing stock on ownership of which is not with the appellant as the appellant is more job worker/processor.
  - d) Erred in applying the provisions of section 145 A and added the value of closing stock though the basic condition of any amount actually paid or incurred is not satisfied.
  - e) Failed to appreciate that the due to amendment in the excise laws by Finance Act, 2007 the modvat and cenvat lying unutilized has remained unutilized and had to be surrendered.
- ii. Interest under section 234B & 234 C
  - a) Erred in levying under section 234B and 234C which is not in accordance with the provisions of the law and CBDT circular No.2/2006 (F. No. 142/1/2006-TPL).
- iii. Initiation of penalty proceeding under section 271 (1)(c)
  - a) Erred in initiating penalty proceedings under sections 271 (1) (c) of the Income tax Act on the ground that the Appellant has furnished inaccurate particulars thereby concealing income.

This appeal is pending before the Income tax appellate tribunal.

## **J. CIVIL CASES**

### **1. Writ Petition No.1552 of 2004 filed before The High Court of Bombay filed by our Company against Regional Provident Fund Commissioner & another.**

Our Company filed a Writ Petition No.1552 of 2004 before the high court of Bombay against Regional Provident Fund Commissioner & another challenging the order dated March 30, 2004 passed by the Regional Provident Fund Commissioner Sub Accounts Office, Kandivali, directing the Dyeing division of our Company at Tarapur to pay:

- a) the Provident Fund Contribution under section 6 of the Act read with paragraph 38 of the Employees, Provident Fund Scheme, 1952;
- b) the employees pension scheme 1995 contributions under section 6A of the Act read with paragraph 4(1) of the Employees Pension Scheme, 1995;
- c) administrative charges under paragraph 38 of the Employees, Provident Fund scheme, 1952;
- d) contributions under section 6(c) read with paragraph 8 (1) of the Employees' deposit Linked Insurance Scheme, 1976;
- e) the administrative charges on EDLI contributions under section 6C of the Act; and penal damage under section 14-B amounting to Rs. 1,79,542/-.

Our Company prayed for issuance of a Writ of Certiorari or any other appropriate writ, order or direction, calling for the records and quashing of the said order.

The court *vide* its order dated July 07, 2004 rejected the petition, enabling our Company to move to the appellate authority challenging the above order of the court and directed that no coercive steps shall be taken against our Company for a period of 6 weeks from the date of this order *i.e.* July 07, 2004. Our Company on August 13, 2004 filed a notice of motion for review and recall of the order dated July 07, 2004 and restoration of the above writ petition and also prayed for extension of 6 weeks period granted *vide* the said order till the final disposal of this notice of motion. The above notice of motion is pending before the High Court of Bombay.

### **2. Application No. 25003/2007 by Manadhana Industries Limited against Mr. R. Suraksh before the Court of City Civil Judge, Bangalore**

Our Company has filed this application against Mr. R. Suraksh under Section 9 of the Arbitration and Conciliation Act, 1996, for an interim injunction to be passed against Mr. R. Suraksh restraining him from leasing out the property situated at Plot no. 10 A, situated at Peenya 2<sup>nd</sup> phase, Industrial Area, Bangalore-58.

Our Company had entered into a lease agreement with Mr. R. Suraksh for the said property on July 10, 2006. As alleged by our Company a payment of Rs. 85,00,000 towards the interest free refundable security deposit was made. It was alleged that Mr. R. Suraksh thereafter did not show interest in completing the pending formalities of getting the said agreement registered thereby making the possession of the said property available to our Company. The sum of Rs. 85,00,000 paid towards the interest free refundable security deposit was also deposited into the bank account of our Company without intimation.

It has been further alleged that Mr. R. Suraksh in order to realise a higher amount of rent for the said property had been negotiating with one M/s Shahi Exports and has been making arrangements to transfer the possession of the said property to M/s. Shahi Exports. It has also been contended that since the lease deed is governed by the arbitration clause an interim injunction shall be passed against Mr. R. Suraksh restraining him from leasing out the said property to a third party pending arbitration.

The above application has been disposed off on December 11, 2009. However, Mr. R. Suraksh has filed Caveat petition under section 148 A of the Code of Civil Procedure 1908 before the High Court of Karnataka, Bangalore, wherein the Mr. R. Suraksh has prayed to give him an opportunity of fair hearing before passing any interim orders/measury/protection in the interest of justice, granted by the court, in any proceedings filed by our Company against him.

### **3. Writ Petition No. 5957 of 2008 filed by Mandhana Industries Limited filed against the Union of India and others before the High Court of Judicature at Mumbai**

This petition has been filed against the demand notices dated June 13, 2007 and November 23, 2007 issued by the Assessing Officer demanding textile cess of Rs. 4,06,754 and Rs. 3,80,488, demand notice dated July 05, 2008 issued by the Tehsildar, Palghar demanding an amount of Rs. 4,06,754.50 and the order dated November 20, 2007 passed by Textile Committee Appellate Tribunal dismissing the appeal made against the abovementioned demand notices issued by the Assessing Officer. Further, our Company has prayed for a writ of mandamus to be passed by the High Court directing the Union of India and its servants and its representatives to withdraw the Demand notices and the order mentioned above.

The High court passed an interim order directing the Union of India to restrain from proceeding in pursuance of the impugne demand notices or order mentioned above subject to our Company executing a bond of Rs. 8,00,000 with a nationalised bank.

### **PART 3 – LITIGATION RELATING TO OUR DIRECTORS**

#### ***Outstanding Litigations against our Directors***

Except for the case mentioned in Serial Nos. A1 and F2 filed against our Directors Mr. Purushottam Mandhana and Serial nos. A1 and F1 filed against our Director Mr. Manish Mandhana, there are no outstanding litigations against our Directors.

#### ***Outstanding Litigations by our Directors***

Except for the case mentioned in Serial No. H1 filed by our Director Mr. Purushottam Mandhana there are no outstanding litigations filed by our Directors.

### **PART 4 – LITIGATION RELATING TO OUR PROMOTERS AND GROUP ENTITIES**

#### ***Outstanding Litigations against our Promoters***

Except for the case mentioned in Serial Nos. A1 and F2 filed against our Promoter Mr. Purushottam Mandhana and Serial nos. A1 and F1 filed against our Promoter Mr. Manish Mandhana, there are no outstanding litigations against our Promoters.

#### ***Outstanding Litigations by our Promoters***

Except for the case mentioned in Serial No. H1 filed by our Promoters Mr. Purushottam Mandhana there are no outstanding litigations filed by our Promoters.

#### ***Outstanding litigations against our Group Entities***

There are no outstanding litigations against our Group Entities.

#### ***Outstanding litigations by our Group Entities***

There are no outstanding litigations filed by our Group Entities.

### **PART 5 – PENALTIES IMPOSED IN PAST CASES**

#### ***Paid By Our Company in the last five years***

The amount of penalties paid by our Company in last five years towards alleged non-compliance / violation of applicable law / rules / regulations / orders are as follows:

*(Rs. In lacs)*

<b>Year</b>	<b>Amount</b>	<b>Brief description</b>
2004-2005	4.34	Central Excise
2005- 2006	1.00	Central Excise
2006-2007	Nil	Nil
2007-2008	Nil	Nil

2008-2009	0.52	Contravention of the provisions of Factories Act, 1948
2009-2010	Nil	Nil

*Penalties paid by our Promoters/Directors in last five years.*

*Mr. Biharilal Mandhana*

*(Rs. in lacs)*

<b>Year</b>	<b>Amount</b>	<b>Brief description</b>
2008-2009	0.06	Contravention of the provisions of Factories Act, 1948
2008-2009	0.06	Contravention of the provisions of Factories Act, 1948
2008-2009	0.40	Contravention of the provisions of Factories Act, 1948
2009-2010	Nil	Nil

*Penalties paid by Group Entities in last five years*

*Nil*

**PART 6 – AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS**

Amount owed to small scale undertakings and other creditors is not determined.

**PART 7 – MATERIAL DEVELOPMENTS OCCURING AFTER LAST BALANCE SHEET DATE, THAT IS, DECEMBER 31, 2009**

There are no material developments after last balance sheet that is December 31, 2009.

## GOVERNMENT / STATUTORY APPROVALS

Our Company has received the necessary consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present business, and except as mentioned under this heading, no further approvals are required for carrying on our present business.

Further, except as mentioned hereinbelow, our Company has not yet applied for any licenses for the proposed activities as contained in the chapter titled '*Objects of this Issue*' beginning on page no. 42 of this Red Herring Prospectus to the extent that such licences/approvals may be required for the same. It must be distinctly understood that, in granting these approvals, the Government of India/RBI does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

### I. General

1. Certificate of incorporation issued in the name of our Company dated May 15, 2007 bearing Corporate Identity Number U17120MH1984PLC033553 and registration no. 11-33553 issued by Registrar of Companies, at Mumbai, Maharashtra.
2. Registration Certificate of Establishment under Bombay Shops and Establishments Act, 1948 renewed on December 16, 2009 bearing registration no. FS006582/ Commercial II issued by the Inspector under the Bombay Shops and Establishments Act, 1948 valid till December 31<sup>st</sup>, 2010.
3. Our Company's PAN (Permanent Account Number) under the Income Tax Act is AABCM6615M.
4. Our Company's TAN (Tax Deduction Account Number) under the Income Tax Act is MUMM20579G.
5. Our Company's TIN (Tax payers Identification Number) under the Central Value Added Tax Act, 2002 is 27930346454 C.
6. Our Company's TIN (Tax payers Identification Number) under the Maharashtra Value Added Tax Act, 2002 is 27930346454 V.
7. Registration of Employees under the Employees State Insurance Act, 1948 bearing registration no. NS-42599(31-42460-19) dated October 28, 1996 issued by the Regional Director, Regional Office Maharashtra, Employees State Insurance Corporation in the name of our Company.
8. Registration of Employees under the Employees' Provident Fund and Miscellaneous Provision Act, 1952 and scheme framed thereunder bearing code no. MH/29516 *vide* approval no. MH/PE/APP/RCL/29516/205 dated February 17, 1994 issued by the Regional Provident Fund Commissioner, Maharashtra and Goa.
9. Certificate of Importer – Exporter Code (IEC) dated December 14, 1995 bearing IEC no. 0391156390 issued by Ministry of Commerce in the name of our Company.
10. Registration-Cum-Membership Certificate bearing registration no. MP/19369(96)-M issued by the Deputy Director, Cotton Textile Export Promotion Council, in the name of our Company renewed on May 22, 2009, valid upto March 31, 2014.
11. Registration-Cum-Membership Certificate (Endorsement Sheet) dated March 26, 2010 bearing RCMC no. 408/2009-2010 issued by Joint Director, Federation of Indian Export Organizations, New Delhi in the name of our Company, valid upto March 31, 2011.
12. Registration-Cum-Membership Certificate dated July 7, 2007 bearing registration no. 101073, IEC no. 0391156390 issued by Assistant Director, Apparel Export Promotion Council, New Delhi, in the name of our Company, re-validated upto December 31, 2010.
13. Acknowledgement of the Industrial Entrepreneur Memorandum bearing no. 2358/SIA/IMO/2008 dated July 25, 2008 issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for the capacity expansion in the following activities:



- Bleaching, dyeing and printing of cotton textiles of manufacture;
- Bleaching, dyeing and printing of artificial synthetics other than by hand;
- Bleaching, dyeing and printing of artificial synthetics of manufacture textiles other than hand;
- Weaving and finishing of cotton textile on power looms of manufacture; and
- Weaving and finishing of artificial/synthetic textile fabrics on power looms.

14. Certificate of Recognition of Star Export House dated October 09, 2009, Status Holder Number: 03/15/B-0167/091009. Certificate is valid for a period of five years effective from April 1<sup>st</sup>, 2009 to March 31<sup>st</sup> 2014.

## II. Export Division, Unit 1 (Bangalore)

1. Factory Licence no. 35858 dated January 01, 2008 issued by the Chief Superintendent, Department of Industries and Boiler, Bangalore in the name of our Company valid upto December 31, 2010.
2. Central Excise Registration Certificate bearing no. AABCM6615MXM007 dated December 13, 2006 issued by the Deputy Commissioner of Central Excise in the name of our Company.
3. Value Added Tax Registration Certificate dated April 01, 2005 bearing TIN (Tax Payers Identification Number) 29290141715 issued by the Assistant Commissioner of Commercial Tax, Bangalore.
4. Certificate of Registration under the Central Sales Tax (Registration and Turnover) Rules, 1957 dated November 03, 1999 bearing no. 29290141715 (Central) issued by Assistant Commissioner of Commercial Taxes, Bangalore in the name of our Company.
5. Registration of Employees under the Employees State Insurance Act, 1948 bearing registration no. 53-21121-19 dated January 28, 2005 issued by the Deputy Director, Regional Office Karnataka, Employees State Insurance Corporation in the name of our Company.
6. Employees Provident Fund no. KN/29849 issued by the Assistant Provisional Fund Commissioner, Employees Provident Fund Organisation, Bangalore *vide* letter no. KN/ PNY/29489/PF/CIR-III/893/2004-2005 in the name of Export Division of our Company on January 13, 2005.
7. Industrial Entrepreneur Memorandum bearing no. 1856/SIA/IMO/2004 dated May 27, 2004, issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for carrying out the activities of manufacture of readymade garments except knitted garments reserved for SSI sector.
8. ISO 9001:2008 Certificate registration no. 12 100 29861 TMS dated January 15, 2010 issued by the Certification Body of TUV SUD Management Service GmbH Trading as TUV South Asia Private Limited in the name of our Company for Quality Management System for manufacture and export of garments, valid upto November 22, 2012.
9. ISO 8000:2008 Certificate registration no. 99 810 00014 dated December 12, 2009 issued by the Certification Body of TUV SUD Group in the name of our Company for Social Accountability Management System for manufacture and export of garments, valid upto November 24, 2012.
10. Electricity Supply agreement bearing no. HT/470 dated March 26, 2006 between Electricity Supply Company Limited and Mr. H. C. Byregowda (Landlord of the property).
11. Consent bearing no. KSPSC/RO/PEENYA/EO/AEO-1/IND/PIA/LG/WPC/APC/REG.NO.10195/2009-10 dated January 04, 2010 under section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 and section 21 of the Air (Prevention and Control of Pollution) Act, 1981 issued by the regional Officer, Peenya, authorizing it to continue to discharge sewage effluents on land for gardening after treating in the sewage treatment plant and restraining it from generating any trade effluents from the process, valid for the period from January 1<sup>st</sup>, 2010 to December 31<sup>st</sup>, 2010.
12. Acknowledgement of the Industrial Entrepreneur Memorandum bearing no. 2613/SIA/IMO/2008 dated August 12, 2008 issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for :
  - Expansion of capacity for manufacturing readymade garments; and
  - Carrying out the activity of weaving and finishing of cotton textiles on powerlooms.



### **III. Export Division, Unit 2 (Bangalore)**

1. Factory Licence no. 08951 dated July 12, 2007 issued by the Chief Superintendent, Department of Industries and Boiler, Bangalore in the name of our Company valid upto December 31, 2012.
2. Acknowledgement to Industrial Entrepreneur Memorandum bearing number 2613/SIA/IMO/2008, issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for carrying out the activities of manufacture of readymade garments, clothing accessories and weaving and finishing of cotton textiles on powerlooms.

### **IV. Export Division, Unit 3 (Bangalore)**

1. Factory Licence no. 08973 dated January 01, 2010 issued by the Chief Superintendent, Department of Industries and Boiler, Bangalore in the name of our Company valid upto December 31, 2010.
2. Acknowledgement to Industrial Entrepreneur Memorandum bearing number 2613/SIA/IMO/2008, issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for carrying out the activities of manufacture of readymade garments, clothing accessories and weaving and finishing of cotton textiles on powerlooms.

### **V. Export Division, Unit 4 (Bangalore)**

1. Factory Licence no. 46739 dated January 01, 2009 issued by the Chief Superintendent, Department of Industries and Boiler, Bangalore in the name of our Company valid upto December 31, 2010.
2. Acknowledgement to Industrial Entrepreneur Memorandum bearing number 2613/SIA/IMO/2008, issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for carrying out the activities of manufacture of readymade garments, clothing accessories and weaving and finishing of cotton textiles on powerlooms.

### **VI. Mandhana Weaving House (Shirting Division, Tarapur, Thane)**

1. Factory Licence no. 092360 dated September 1, 2007 issued by the Joint Director Industrial Safety and Health, Mumbai in the name of our Company valid upto December 31, 2011.
2. Acknowledgement of the Industrial Entrepreneur Memorandum bearing no. 4221/SIA/IMO/2004 dated November 04, 2004 issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for carrying out the activities of
  - weaving and finishing of cotton textiles on powerloom; and
  - weaving and finishing of artificial synthetics textile fabrics on powerloom
3. Consent no. BO/WPAE/EIC No. TN.01154-C6/R/CCHWA-78 dated February 02, 2007 granted by the Maharashtra Pollution Control Board under the section 26 of the Water (Prevention & Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention & Control of Pollution) act, 1981 and authorisation / Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management & Handling) Rules, 1989 and Amendment Rules, 2003 in the name of our Company for a period upto December 31, 2011.
4. Agreement dated November 16, 2005 entered between the Maharashtra State Electricity Board and Mandhana Weaving House (Shirting Division) for consumption of electrical energy for the purpose of weaving.
5. Quality Management Systems Certification license dated March 18, 2009 bearing license no. WRO/QSC/L-7003433.0 issued by the Deputy Director General, Bureau of Indian Standards in the name of Mandhana Weaving House (Shirting Division), valid upto March 17, 2012.

### **VII. Mandhana Dyeing (Tarapur, Thane)**

1. Factory Licence no. 087520 dated December 20, 2005 issued by the Joint Director Industrial Safety and Health, Vasai, valid upto December 31, 2011.

2. Central Excise Registration Certificate bearing no. AABCM6615MXM001 dated July 29, 2003 issued by Assistant Commissioner of Central Excise, Boisar.
3. Industrial Entrepreneur Memorandum bearing no. 232/SIA/IMO/2000 dated January 27, 2000 issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for carrying out the activities of
  - Bleaching, dyeing and printing of cotton textiles;
  - Bleaching, dyeing and printing of cloth other than by hand; and
  - Bleaching, dyeing and printing of artificial synthetic textiles other than by hand.
4. Consent no. BO/WPAE/EIC No. TN. 0861-06/R/CCHWA-611 dated August 10, 2006 issued by the Maharashtra Pollution Control Board granting consent to operate under section 26 of the Water (Prevention and Control of Pollution) Act, 1947 and under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and Authorisation / Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2003, for a period upto June 30, 2011.
5. Service Tax Certificate of Registration bearing registration no. ST/MUM/DIV-VI/GTA/489/TH II/04-05 dated March 22, 2005 issued by the Superintendent (Service Tax) Division VI, Mumbai.
6. Boiler Certificate bearing no. MR/14244 dated May 14, 2009 issued by the Deputy Director of Steam Boilers Department, Maharashtra, permitting the unit to use composite boilers for a period upto May 11, 2010.
7. Amended Contract labour license dated March 29, 2010 bearing license no. R.C.No.0002/7(62) issued by the Licensing officer permitting the unit to employ not more than 151 workmen, valid upto December 31, 2010.
8. Quality Management Systems Certification license dated March 09, 2009 bearing license no. WRO/QMSC/L-7003417.0 issued by the Deputy Director General, Bureau of Indian Standards in the name of Mandhana Dyeing, valid upto March 8, 2012.
9. Registration certificate bearing number C.E.(Elec.)/Desk-5(6)/34/2009 dated January 13, 2010 for registration of generating set bearing registration number E/TH/1269(i), commencing from December 12, 2009.

#### **VIII. Mandhana Weaving House (Tarapur, Thane)**

1. Factory Licence no. 079806 dated June 6, 2003 issued by the Joint Director Industrial Safety and Health, Vasai, valid upto December 31, 2011.
2. Industrial Entrepreneur Memorandum bearing no. 493/SIA/IMO/2002 dated February 21, 2002 issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for carrying out the activities of
  - weaving and finishing of cotton textiles on powerlooms; and
  - weaving and finishing of artificial synthetic textile fabrics on powerlooms.
3. Certificate of Registration bearing registration no. ST/MUM/DIV-VI/GTA/490/TH II/04-05 dated March 22, 2005 issued by the Superintendent (Service Tax) Division VI, Mumbai.
4. Electricity Sanction Letter no. 06301 dated November 02, 2002 issued by Maharashtra State Electricity Board, O & M Circle, and Vasai.
5. Quality Management Systems Certification license dated January 01, 2008 bearing license no. QSC/L- 7002712.1 issued by the Deputy Director General, Bureau of Indian Standards in the name of Mandhana Weaving House, valid upto October 28, 2010.
6. Amended Contract Labour License dated March 29, 2010 bearing number ACL/Tarapur/Amendment/2010 issued by the Licensing Officer permitting the Unit to employ 54 workmen, valid upto December 31, 2010.

#### **IX. CDR/CBR Processing Unit (Tarapur)**

1. Factory licence bearing no. 2(m)(1)-17119 issued by Officer, Industrial Safety and Health, Mumbai under Factories Act, 1948, valid upto December 31, 2012.
2. Service Tax registration Certificate in accordance with Section 69 of Finance Act, 1994 bearing Service Tax Code AABCM6615MST005 dated July 19, 2008 issued by Superintendent (Service Tax) Division VI, Mumbai.
3. Letter bearing number SE/VC/Tech/PLG/Con./10749 dated October 15, 2009 for sanctioning fresh HT Power supply at 33KV to the unit, valid upto October 15, 2010.
4. Amended Contract Labour License dated March 29, 2010 bearing number ACL/Tarapur/Amendment/2010 issued by the Licensing Officer permitting the Unit to employ 100 workmen, valid upto December 31, 2010.
5. Registration certificate bearing number C.E.(Elec.)/Desk-5(6)/34/2009 dated January 13, 2010 for registration of generating set bearing registration number E/TH/1269(ii), commencing from December 12, 2009.

#### **X. Sampling Unit (Sewree)**

1. Factory Licence no. 092587 dated February 02, 2009 issued by the Joint Director Industrial Safety and Health, Vasai, valid upto December 31, 2010.
2. Acknowledgement to Industrial Entrepreneur Memorandum bearing number 2613/SIA/IMO/2008, issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for carrying out the activities of manufacture of all types of textile garments and clothing accessories.

#### **XI. Garment Manufacturing Facility (Tarapur)**

1. Permit bearing number DB/TRP/942/2010 dated March 22, 2010 for 50 mm. dia. water supply for factory building construction.
2. Acknowledgement to Industrial Entrepreneur Memorandum dated November 09, 2009 bearing number 2538/SIA/IMO/2008, issued by the Secretariat for Industrial Assistance, New Delhi in the name of our Company for carrying out the activities of manufacture of all types of textile garments and clothing accessories.
3. Consent bearing number MPC/ROT/C/03 dated March 04, 2010 to establish under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974. Under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and Authorization/Renewal of Authorization under Rule 5 of the Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008 for the period upto commissioning of the Unit or 5 years i.e. March 04, 2015, whichever is earlier for the manufacture of Readymade Garments.

#### **Application applied for but not yet received**

1. Application dated December 31, 2008 for "Consent to Establish" the CDR/CBR Processing Unit at C-3, MIDC, Tarapur-401 506, Thane, made to Maharashtra Pollution Control Board.

#### **Application applied for renewal but not yet received**

1. A challan of Rs. 1,900 dated November 27, 2009 for Boiler Inspection fee for the year 2010 was issued by Steam and Boilers Department on their inspection of the Mandhana Dyeing (Tarapur) Unit.

**VI. EPCG Licences**

Sr. No.	License Number	Date	CIF value/duty save (Rs./INR)	Export Obligation (US\$)	Validity for fulfilling Export Obligation	Export Obligation Items
1.	0330007006	November 3, 2004	68,310.00	11,420.68	8 years	Readymade Garments
2.	0330007200	November 25, 2004	194,770.00	32,563.42	8 years	Readymade Garments
3.	0330007360	December 13, 2004	63,925.00	10,687.56	8 years	Readymade Garments
4.	0330007898	February 15, 2005	195,522.00	32,689.15	8 years	Readymade Garments / Fabrics
5.	0330007911	February 16, 2005	141,614.70	23,676.43	8 years	Readymade Garments / Fabrics
6.	0330008088	March 9, 2005	3,546,350.00	592,911.18	8 years	Readymade Garments / Fabrics
7.	0330008163	March 17, 2005	71,508.00	11,955.36	8 years	Readymade Garments / Fabrics
8.	0330008282	March 29, 2005	601,184.32	100,511.48	8 years	Readymade Garments / Fabrics
9.	0330008283	March 29, 2005	177,105.00	29,610.03	8 years	Readymade Garments / Fabrics
10.	0330008294	March 30, 2005	8,571,187.00	1,433,009.32	8 years	Readymade Garments / Fabrics
11.	0330008808	June 3, 2005	243,095.00	40,642.84	8 years	Readymade Garments / Fabrics
12.	0330008809	June 3, 2005	64,238.00	10,739.89	8 years	Readymade Garments / Fabrics
13.	0330009022	June 28, 2005	1,237,755.00	206,939.18	8 years	Readymade Garments / Fabrics
14.	0330009140	July 8, 2005	111,118.00	18,577.72	8 years	Readymade Garments / Fabrics
15.	0330009357	August 9, 2005	35,872.41	5,997.47	8 years	Readymade Garments / Fabrics
16.	0330009552	August 26, 2005	325,329.00	54,391.47	8 years	Readymade Garments / Fabrics
17.	0330009615	September 2, 2005	278,154.00	46,504.32	8 years	Readymade Garments / Fabrics
18.	0330009770	September 20, 2005	1,829,817.00	305,925.51	8 years	Readymade Garments / Fabrics
19.	0330009972	October 7, 2005	2,013,888.89	336,700.00	8 years	Readymade Garments / Fabrics
20.	0330010121	October 26, 2005	984,750.00	164,639.49	8 years	Readymade Garments / Fabrics
21.	0330010124	October 7, 2005	2,792,003.62	466,792.66	8 years	Readymade Garments / Fabrics
22.	0330010192	November 9, 2005	1,353,963.00	226,367.89	8 years	Readymade Garments / Fabrics
23.	0330010327	November 25, 2005	459,257.00	76,782.77	8 years	Readymade Garments / Fabrics
24.	0330010448	December 8, 2005	1,872,494.55	313,060.73	8 years	Readymade Garments / Fabrics
25.	0330010675	December 29, 2005	171,354.53	28,648.61	8 years	Readymade Garments / Fabrics
26.	0330011155	February 27, 2006	559,689.48	100,731.51	8 years	Fabrics
27.	0330011269	March 8, 2006	427,593.60	76,612.51	8 years	Readymade Garments / Fabrics
28.	0330011278	March 9, 2006	587,510.67	105,265.06	8 years	Readymade Garments / Fabrics
29.	0330011544	March 29, 2006	984,628.80	176,417.25	8 years	Readymade Garments / Fabrics
30.	0330011775	April 24, 2006	5,073,432.00	904,960.00	8 years	Readymade Garments / Fabrics
31.	0330011826	April 27, 2006	1,654,250.85	295,072.61	8 years	Readymade Garments / Fabrics
32.	0330011902	May 5, 2006	1,821,430.85	321,310.84	8 years	Readymade Garments / Fabrics
33.	0330011942	May 9, 2006	226,240.00	39,910.03	8 years	Readymade Garments / Fabrics
34.	0330013099	August 31, 2006	231,838.92	39,294.73	8 years	Readymade Garments
35.	0330013296	September 19, 2006	684,463.04	117,002.22	8 years	Readymade Garments
36.	0330014221	December 5, 2006	1,107,845.96	194,572.88	8 years	Readymade Garments
37.	0330014953	February 2, 2007	995,332.86	179,137.52	8 years	Fabric
38.	0330015126	February 19, 2007	132,313.07	23,813.37	8 years	Readymade Garments
39.	0330015512	March 22, 2007	166,074.30	29,889.63	8 years	Readymade Garments
40.	0330015513	March 22, 2007	264,928.05	47,681.08	8 years	Readymade Garments
41.	0330015750	April 14, 2007	535,128.30	97,517.68	8 years	Readymade Garments
42.	0330015751	April 10, 2007	853,657.05	155,563.92	8 years	Readymade Garments
43.	0330015789	April 13, 2007	2,574,208.00	469,103.96	8 years	Fabrics
44.	0330015981	May 4, 2007	4,292,168.72	818,530.38	8 years	Fabrics

Sr. No.	License Number	Date	CIF value/duty save (Rs./INR)	Export Obligation (US\$)	Validity for fulfilling Export Obligation	Export Obligation Items
45.	0330015820	April 18, 2007	975,513.00	177,770.02	8 years	Fabrics
46.	0330015902	April 27, 2007	138,563.60	25,250.76	8 years	Fabrics
47.	0330016023	May 10, 2007	552,460.26	105,355.94	8 years	Fabrics
48.	0330016045	May 14, 2007	2,161,245.69	412,156.50	8 years	Fabrics
49.	0330016198	May 25, 2007	1,534,734.68	292,678.84	8 years	Fabrics
50.	0330016653	July 5, 2007	2,008,346.00	391,395.20	8 years	Fabrics
51.	0330016920	July 27, 2007	1,141,253.33	222,412.34	8 years	Readymade Garments
52.	0330017014	August 7, 2007	8,592,878.00	1,695,265.69	8 years	Fabrics
53.	0330017015	August 7, 2007	6,225,893.04	1,228,289.70	8 years	Fabrics
54.	0330017214	August 23, 2007	2,703,960.19	533,457.00	8 years	Fabrics
55.	0330017287	August 30, 2007	5,240,665.78	1,033,916.80	8 years	Fabrics
56.	0330017350	September 6, 2007	345,246.72	66,875.87	8 years	Fabrics/ Readymade Garments
57.	0330017351	September 6, 2007	345,246.72	66,875.87	8 years	Fabrics/ Readymade Garments
58.	0330017393	September 7, 2007	820,019.18	158,841.48	8 years	Fabrics/ Readymade Garments
59.	0330017628	October 3, 2007	1,419,037.17	283,453.11	8 years	Fabrics/ Readymade Garments
60.	0330017786	October 15, 2007	2,468,284.97	493,040.69	8 years	Fabrics
61.	0330017792	October 16, 2007	195,258.25	39,002.89	8 years	Fabrics
62.	0330017749	October 12, 2007	180,796.05	36,114.06	8 years	Fabrics
63.	0330018035	November 6, 2007	1,121,233.05	225,090.70	8 years	Fabrics
64.	0330018162	November 21, 2007	492,511.35	98,873.04	8 years	Fabrics
65.	0330018229	November 28, 2007	628,376.55	126,148.36	8 years	Fabrics/ Readymade Garments
66.	0330018241	November 29, 2007	628,376.55	126,148.36	8 years	Fabrics/ Readymade Garments
67.	0330019332	March 7, 2008	165,737.37	32,982.56	8 years	Readymade Garments
68.	0330019406	March 12, 2008	3,289,024.44	654,532.22	8 years	Fabrics
69.	0330019671	March 31, 2008	4,993,948.00	993,820.49	8 years	Fabrics
70.	0330019927	May 1, 2008	5,682,827.49	1,123,921.38	8 years	Fabrics
71.	0330019972	May 12, 2008	2,236,747.97	441,826.75	8 years	Fabrics
72.	0330019976	May 12, 2008	324,683.71	64,135.05	8 years	Fabrics
73.	0330020267	June 9, 2008	77,105.92	14,312.00	8 years	Fabrics/readymade garments
74.	0330020523	July 2, 2008	281,512.15	52,131.87	8 years	Fabrics/ readymade garments
75.	0330020746	July 22, 2008	14,561,335.90	2,696,543.68	8 years	Fabrics/ readymade garments
76.	0330020848	August 4, 2008	13,630,914.17	2,524,243.36	8 years	Fabrics/bleaching, dyeing and printing of cotton textiles
77.	0330020873	August 5, 2008	12,439,955.18	2,303,695.40	8 years	Fabrics/bleaching, dyeing and printing of cotton textiles
78.	0330020892	August 6, 2008	14,870,085.84	2,753,719.59	8 years	Fabrics/bleaching, dyeing and printing of cotton textiles
79.	0330020932	August 8, 2008	6,720,137.14	1,244,469.84	8 years	All types of textile garments and clothing accessories/ bleaching, dyeing and printing of cotton
80.	0330020958	August 11, 2008	1,700,913.77	319,795.77	8 years	Bleaching, dyeing and printing of cotton
81.	0330021254	September 11, 2008	989,099.00	185,964.55	8 years	Fabrics/readymade garments
82.	0330021309	September 17, 2008	6,097,750.09	1,115,017.15	8 years	Fabrics/readymade garments
83.	0330021434	September 26, 2008	1,200,357.18	219,493.88	8 years	Fabrics/readymade garments
84.	0330021798	November 12, 2008	8,282,376.35	1,417,305.04	8 years	Fabrics/readymade garments
85.	0330021836	November 17, 2008	4,864,953.58	772,214.85	8 years	Fabrics/readymade garments

Sr. No.	License Number	Date	CIF value/duty save (Rs./INR)	Export Obligation (US\$)	Validity for fulfilling Export Obligation	Export Obligation Items
86.	0330021909	November 26, 2008	12,103,536.12	1,921,196.20	8 years	Fabrics/readymade garments
87.	0330022163	December 30, 2008	7,412,089.06	1,180,034.07	8 years	Fabrics/readymade garments
88.	0330022280	January 21, 2009	26,458,721.98	4,391,489.12	8 years	Fabrics/readymade garments
89.	0330022576	March 06, 2009	43,664,672.04	7,247,248.47	8 years	Fabrics/readymade garments
90.	0330022634	March 19,2009	9,069,830.49	1,474,769.18	8 years	Fabrics/readymade garments
91.	0330022673	March 25, 2009	22,557,232.28	3,587,631.37	8 years	Fabrics/readymade garments
92.	0330022715	March 30, 2009	11,832,739.46	1,881,946.63	8 years	Fabrics/readymade garments
93.	0330022900	May 07, 2009	18,329,842.43	2,866,837.52	8 years	Fabrics/readymade garments
94.	0330022949	May 15, 2009	17,752,640.90	2,809,517.84	8 years	Fabrics/readymade garments
95.	0330023010	May 27, 2009	1,507,962.01	238,648.78	8 years	Fabrics/readymade garments
96.	0330023197	June 24, 2009	3,313,888.74	553,467.84	8 years	Fabrics/readymade garments
97.	0330023252	July 02, 2009	2,873,315.36	4,79,85.65	8 years	Fabrics/readymade garments
98.	0330023289	July 07, 2009	12,62,810.91	2,10,907.87	8 years	Fabrics/readymade garments
99.	0330023443	July 22, 2009	32,27,716.73	5,27,512.43	8 years	Fabrics/readymade garments
100.	0330023553	August 07, 2009	77,10,867.83	12,60,203.11	8 years	Fabrics/readymade garments
101.	0330023852	September 23,2009	303,959.02	49,374.05	8 years	Fabrics/readymade garments
102.	0330024164	October 30, 2009	418,705.60	68,922.73	8 years	Fabrics/readymade garments
103.	0330024426	November 25, 2009	1,353,514.20	2,28,924.17	8 years	Fabrics/readymade garments
104.	0330024465	November 27, 2009	830,998.58	1,40,549.44	8 years	Fabrics/readymade garments
105.	0330024560	December 08, 2009	5,028,261.85	8,60,451.22	8 years	Fabrics/readymade garments
106.	0330024837	January 06, 2010	16,095,127.48	27,54,246.41	8 years	Fabrics/readymade garments
107.	0330025012	January 27, 2010	5,353,166.66	9,07,316.38	8 years	Fabrics/readymade garments
108.	0330025221	February 16, 2010	243,763.61	41,847.83	8 years	Fabrics/readymade garments

## **VII. Intellectual Property**

Particulars of the mark	Class	Application No.	Date of Registration	Trade Mark No.	Status
Mandhana logo	24	1510180	December 5, 2006	1510180	Registered
Mandhana logo	25	1510181	December 5, 2006	1510181	Registered
Canvas	24	1510182	December 5, 2006	1510182	Registered
Canvas	25	1510183	December 5, 2006	1510183	Registered

### **Licences required but not applied for**

#### **I. The objects of the issue:**

##### **A. Garment Manufacturing Facility At MIDC, Tarapur**

1. Factory Licence application before the Joint Director Industrial Safety and Health, Vasai,
2. Service Tax Certificate issued by the Superintendent (Service Tax) Division VI, Mumbai.
3. Power Sanction (Electricity) from Maharashtra State Electricity Board
4. Sanctioning Factory Plan from Maharashtra Industrial Development Corporation

##### **B. Expansion Of Weaving Facility At C-2, MIDC, Tarapur, Boisar, Taluka Palghar, Thane**

1. Additional Power Sanction (Electricity) from Maharashtra State Electricity Board



## SECTION VII – OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for this Issue

Our Board has, pursuant to a resolution passed at its meeting held on July 24, 2009, authorised this Issue, subject to the approval of our shareholders under Section 81 (1A) of the Companies Act.

Our shareholders have authorised this Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on August 04, 2009.

Our Company has also obtained all the necessary contractual approvals required for this Issue. For further details, please refer to the chapter titled ‘Government / Statutory Approvals’ beginning on page no. 225 of this Red Herring Prospectus.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, Promoter Group, Group Entities or the person(s) in control of our Company and companies in which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, none of our Promoters, Promoter Group, Group Entities, Directors or person(s) in Control of our Company were Promoters, Directors or person(s) in control of any other company which has been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

One of our Director’s, Mr. Sanjay Asher is an independent director on the Board of Directors of Morgan Stanley Investment Management Private Limited which is an investment manger to SEBI registered Morgan Stanley Mutual Fund. SEBI had fined Morgan Stanley Investment Management Private Limited in the year 1997 for Rs. 2.00 lacs for undertaking activity akin to an asset management company for client other than Morgan Stanley Mutual Fund without prior approval of the SEBI, exceeding the 5% investment ceiling in companies and failure to deliver securities sold in the market.

### Prohibition by RBI

Our Company, our Directors, our Promoters and the Promoter Group and companies in which our Directors are directors have not been declared as wilful defaulters by RBI or any other governmental authorities except the following:

One of our Directors, Mr. Sanjay Asher was an independent director on the Board of Directors of the following companies, names of which appear in the Reserve Bank of India’s list of wilful defaulters on the website [www.cibil.com](http://www.cibil.com):

- i. Duck Tarpaulins Limited from the period July 4, 1994 to July 1, 1998. Duck Tarpaulins Limited appears on the Reserve Bank of India’s list of wilful defaulters for the period January 1, 2002 to March 31, 2002 for default in payments of Rs. 286.00 lacs to ICICI Bank Limited. Mr. Asher resigned as director of Duck Tarpaulins Limited with effect from July 1, 1998 and that now he is in no manner connected or dealing with Duck Tarpaulins Limited since then.
- ii. Asian Electronics Limited from the period December 23, 2006 to November 05, 2008. Asian Electronics Limited appears on the Reserve Bank of India’s list of wilful defaulters for the period March 31, 2008 to December 31, 2009 for default in payments of Rs. 247.00 lacs to Global Trade Finance Limited. Mr. Asher resigned as director of Asian Electronics Limited with effect from November 05, 2008 and that now he is in no manner connected or dealing with Asian Electronics Limited since then.

### ELIGIBILITY FOR THIS ISSUE

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulation as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements as per Indian GAAP:

- Our Company has net tangible assets of at least Rs. 3 crores in each of the preceding three full years (of twelve months each) of which not more than 50% is held in monetary assets and is compliant with Regulation 26(1)(a) of the SEBI ICDR Regulation;

- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, 1956 for at least three of the immediately preceding five years and is compliant with Regulation 26(1)(b) of the SEBI ICDR Regulation;
- Our Company has a net worth of at least Rs. 1 crore in each of the three preceding full years (of twelve months each) and is compliant with Regulation 26(1)(c) of the SEBI ICDR Regulation;
- The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of issue size does not exceed five times of its pre-Issue net worth as per the audited balance sheet of the Preceding financial year and is compliant with Regulation 26 (1)(d) of the SEBI ICDR Regulation.

The net tangible assets, monetary assets, net profits (as restated) and networth (as restated) are derived from the Restated Financial Statements, as per Indian GAAP as per the Auditors Report dated April 07, 2010 , is set forth below:

	<i>(Rs. In Lacs.)</i>				
	31.3.2009	31.3.2008	31.3.2007	31.3.2006	31.3.2005
<b>Net Tangible Assets (1)</b>	38,720.83	28,310.57	19,261.37	15,631.63	6,413.49
<b>Monetary Assets (2)</b>	559.30	214.90	233.97	173.94	129.92
<b>Monetary Assets as a Percentage of Net Tangible Assets</b>	1.44%	0.76%	1.21%	1.11%	2.03%
<b>Net Profits as restated</b>	3,647.92	3,531.75	1,943.10	1,212.63	640.65
<b>Net worth as restated</b>	13,335.92	9,979.49	5,423.16	3,719.51	2,716.40
<b>Distributable profits (3)</b>	3,656.42	3,530.38	1,943.10	1,212.63	641.11

1. *Net tangible assets is defined as the sum assets of fixed assets (including capital work in progress and excluding revaluation reserves,) trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities),excluding intangible assets as defined in AS-26 issued by Institute of Chartered Accountants of India.*
2. *Monetary assets include cash on hand and bank and quoted investments.*
3. *The Distributable profits of the company as per Section 205 of the Act, and has been calculated from the audited financials statements of the respective year/period before making adjustments for restatement of financial statements. Extraordinary item have not been considered for calculating distributable profits.*

Hence, our Company is eligible for this Issue under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations.

Further, in addition to the conditions enumerated in sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations; our Company, in accordance with sub-regulation (4) of Regulation 26 of the SEBI (ICDR) Regulations, undertakes that the number of allottees in this Issue shall be at least one thousand (1,000) in number; failing which the entire application money shall be refunded forthwith. In case of delay, if any, in refund of application money, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay beyond fifteen days from the date of closure of the Issue.

For a complete explanation of the above figures, please refer to Section titled 'Financial Statements' beginning on page no. 167 of this Red Herring Prospectus.

#### **DISCLAIMER CLAUSE OF SEBI**

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, EDELWEISS CAPITAL LIMITED AND AXIS BANK LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS,**



**2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, EDELWEISS CAPITAL LIMITED AND AXIS BANK LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 25, 2009 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 RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
  - a. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - c. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR 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 RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE - NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN RS. 1000 LACS, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
  - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED

**HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

**THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN RED HERRING PROSPECTUS."**

**All legal requirements pertaining to this Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Mumbai at Maharashtra, in terms of Section 56, Section 60 and Section 60(B) of the Companies Act.**

#### **Disclaimer Statement from our Company and the BRLMs**

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, [www.mandhana.com](http://www.mandhana.com), would be doing so at his or her own risk.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the Underwriters and our Company and the Memorandum of Understanding between the BRLMs and our Company.

Our Company and the BRLMs shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers, *etc.*

**The BRLMs & its associates and affiliates may engage in transactions with, & perform services for, our Company and associates of our Company in the ordinary course of business & have engaged, and may in future engage in the provision of financial services for which they have received, and may in future receive, compensation.**

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

#### **Caution**

**Investors that bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the BRLMs and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.**

#### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs.250 million, pension funds with minimum corpus of Rs.250 million and the National Investment Fund, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, and insurance funds set up and managed by army, navy or air force of the Union of India, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction

other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.**

**The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

#### **Disclaimer Clause of the Bombay Stock Exchange Limited**

BSE has *vide* its letter bearing reference number DCS/IPO/BS/IPO-IP/842/2008-09 dated November 05, 2009, given permission to this Company to use BSE’s name in this Red Herring Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed. BSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:-

- warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- warrant that this Company’s securities will be listed or will continue to be listed on BSE; or
- take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the National Stock Exchange of India Limited**

As required, a copy of this Red Herring Prospectus has been submitted to NSE. NSE has *vide* its letter bearing reference number NSE/LIST/124557-P dated November 30, 2009, given permission to our Company to use NSE’s name in this Red Herring Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed. NSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that this Company’s securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

### ***Disclaimer Clause of CRISIL Limited***

A CRISIL IPO Grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India. A CRISIL IPO Grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO Grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO Grading is not a recommendation to buy/sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers/transmitters/distributors of CRISIL IPO Gradings. For information on any IPO Grading assigned by CRISIL, please contact 'Client Servicing' at +91-22-66913561, or via email: [clientservicing@crisil.com](mailto:clientservicing@crisil.com).

### **Filing**

A copy of this Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at SEBI Bhavan, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC at least 3 (three) days before the Bid / Issue Opening Date. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the RoC at their respective addresses upon closure of this Issue and on finalization of the Issue Price.

### **Listing**

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). In-principle approval for listing of the Equity Shares of our Company from BSE and NSE have been received *vide* their letters dated November 05, 2009 and November 30, 2009 respectively.

BSE will be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non- Institutional portion and Retail portion.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all money received from the Bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it. (*i.e.* from the date of refusal or within 10 weeks from the Bid/Issue Closing date, whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money with interest at the rate of 15% per annum on the Bid Amount, as prescribed under Section 73 of Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

### **Impersonation**

**Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

**“Any person who:**

- (a) makes in a fictitious name, a Bid to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a**

fictitious name,

shall be punishable with imprisonment for a term which may extend to five years.”

### Consents

Consents in writing of: our Directors; our Company Secretary and Compliance Officer; our Auditors; our Independent Auditors, Bankers to our Company; Escrow Collection Bank(s); Refund Bank(s); Syndicate Members; IPO Grading Agency; BRLMs; the Registrar and the legal advisors to this Issue, to act in their respective capacities, have been obtained and has been filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and Section 60B of the Companies Act and such consents have not been withdrawn up to the time of filing of the Red Herring Prospectus with the RoC.

Vishal H. Shah & Associates, our Statutory Auditors, have given their written consent to the report on possible tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of filing of this Red Herring Prospectus with the RoC.

Ashra & Company, Independent Auditors, who holds a Peer Review Certificate, have given their written consent to the report on restated financial information of our Company, in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of filing of this Red Herring Prospectus with the RoC.

**CRISIL Limited**, a SEBI registered credit rating agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of filing of this Red Herring Prospectus with the RoC.

### Expert Opinion

We have not obtained any expert opinions except for the IPO Grading Report of CRSIL dated November 17, 2009 and revalidation letter dated March 18, 2010 and restated financial information of our Company, Ashra & Company, Peer Reviewed Certified Auditor.

### Expenses of the Issue

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

*(Rs. in lacs)*

Activity	Expenses	% of Issue Expenses	% of Issue Size
Lead merchant bankers, underwriting and selling commission	[•]	[•]	[•]
SCSB's Commission	[•]	[•]	[•]
Advertisement and marketing expenses	[•]	[•]	[•]
Printing, stationery including transportation of the same	[•]	[•]	[•]
Other (Registrar's fees, legal fees, fees for auditors and bankers to the issue, stamp duty, initial listing fees and annual listing fees, SEBI filing fees, other statutory fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[•]	[•]	[•]
Fees paid to IPO grading Agencies	[•]	[•]	[•]
<b>Total Estimated Issue Expenses</b>	[•]	<b>100%</b>	[•]

*Will be incorporated after finalization of Issue Price*



All expenses with respect to this Issue will be borne by our Company.

### **Details of Fees Payable**

#### **Fees Payable to the Book Running Lead Managers**

The total fees payable to the Book Running Lead Managers will be as per the Engagement Letters dated June 7, 2007 and June 19, 2009 and as stated in the Memorandum of Understanding executed between our Company and BRLMs dated September 24, 2009, a copy of which is available for inspection at our Registered Office.

#### **Fees Payable to the Registrar to this Issue**

The fees payable to the Registrar to this Issue will be as per the Memorandum of Understanding dated April 4, 2007, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, and stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

#### **Fees Payable to Others**

The total fees payable to the Legal Advisor, Auditor, Credit Rating Agency & Advertiser etc. will be as per the terms of their respective engagement letters.

#### **IPO Grading**

This Issue has been graded by CRISIL and has been assigned a grade of 3/5 indicating “Average Fundamentals”, through its letter dated November 17, 2009 and revalidated vide letter dated March 18, 2010. For details in relation to the Report of the Grading Agency, please refer to “Annexures A” beginning on page 347 of this Red Herring Prospectus.

#### **Underwriting Commission, Brokerage and Selling Commission**

The underwriting commission and selling commission for this Issue is as set out in the Syndicate Agreement to be entered into between our Company and the BRLMs. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus. Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

#### **Previous Rights and Public Issues During Last Five Years**

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

#### **Previous issue of shares otherwise than for cash**

Except as stated in the chapter titled ‘*Capital Structure*’ beginning on page no. 23 of this Red Herring Prospectus, we have not issued any Equity Shares for consideration other than for cash.

#### **Commission and Brokerage on Previous Issues**

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

#### **Listed companies under the same Management**

There are no listed companies under the same management as our Company within the meaning of Section 370(1B) of the Companies Act, 1956 which have made any capital issues in the last three years.

### **Promise versus performance for our Company**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

### **Promise versus Performance – Previous Issues of Group Entities.**

None of our Group Entities have made any public issues in the past.

### **Outstanding debentures, bonds, redeemable preference shares and other instruments issued by our Company**

As on the date of filing this Red Herring Prospectus with RoC, our Company has no outstanding debentures, bonds or redeemable preference shares.

### **Option to Subscribe**

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

### **Stock Market Data for our Equity Shares**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

### **Mechanism for Redressal of Investor Grievances**

The Memorandum of Understanding between the Registrar and us will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar with a copy to the Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

### **Disposal of Investor Grievances by our Company**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances. We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be 15 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have re-constituted the Shareholders’ / Investors’ Grievance, Share Allotment and Share Transfer Committee of the Board *vide* resolution passed at the Board Meeting held on February 24, 2009. The composition of the Shareholders’ / Investors’ Grievance, Share Allotment and Share Transfer Committee is as follows:

<b>Name of the Director</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
Mr. Khurshed Thanawalla	Chairman	Independent Director
Mr. Ajay Joshi	Member	Independent Director
Mr. Manish Mandhana	Member	Executive Director

For further details, please refer to the chapter titled ‘*Our Management*’ beginning on page no. 137 of this Red Herring Prospectus.



Our Company has appointed Mr. Vinay Sampat as the Company Secretary and the Compliance Officer and he may be contacted the following address. :

Mr. Vinay Sampat  
205/214, Peninsula Centre,  
Dr. S.S. Rao Road, Off Dr. Ambedkar Road,  
Parel (East),  
Mumbai – 400 012,  
Maharashtra,  
India.  
**Tel. No.:** + 91 22 4353 9346  
**Fax No.:** + 91 22 4353 9358  
**Email:** cs@mandhana.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

#### **Changes in Auditors during the last three financial years and reasons therefore**

There have been no changes in the Statutory Auditors of our Company during the last three financial years.

#### **Capitalisation of Reserves or Profits**

Except as stated in the chapter titled ‘*Capital Structure*’ beginning on page no. 23 of this Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

#### **Revaluation of assets**

Our Company has not revalued its assets since incorporation.

#### **Tax Implications**

Investors that are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, please refer the chapter titled “*Statement of Tax Benefits*” beginning on page 64 of this Red Herring Prospectus.

## SECTION VIII – ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

The present Public Issue of 83,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] per Equity Share including a share premium of Rs. [•] per Equity Share for cash aggregating Rs. [•] lacs. The issue of Equity Shares will constitute 25.06% of the fully diluted post issue paid-up capital of our Company.

	<b>QIBs***</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares*	Issue to the Public less allocation to Non-Institutional Bidders and Retail Individual Bidders of not more than 41,50,000 Equity Shares.	Not less than 12,45,000 Equity Shares or Issue size less allocation to QIB Bidders and Retail Individual Bidders	Not less than 29,05,000 Equity Shares or Issue size less allocation to QIB Bidders and Non Institutional Bidders.
Percentage of Issue Size available for Allotment/ allocation	Not more than 50% of the Issue (of which 5% shall be reserved for Mutual Funds, excluding Anchor Investor Portion) or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. *  However, 5% of the QIB Portion (i.e upto [•] Equity Shares) shall be available for Allocation proportionately to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.#	Not less than 15% of the Issue or Issue less allocation to QIBs and Retail Portion*	Not less than 35% of the Issue or Issue less allocation to QIBs and Non-Institutional Portion*
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate  (a) upto [•] Equity Shares aggregating Rs. [•] lacs shall be available for allocation on a proportionate basis to Mutual Funds; and  (b) [•] Equity Shares aggregating to Rs. [•] lacs shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate

	<b>QIBs***</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares not exceeding the Issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder whereby the Bid amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Allotment lot	[●] Equity Shares and in multiple of 1 Equity Share thereafter.	[●] Equity Shares and in multiple of 1 Equity Share thereafter.	[●] Equity Shares and in multiple of 1 Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and sub-accounts registered with SEBI (other than sub-accounts being foreign corporates or foreign individuals), scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 lacs (subject to applicable law) and pension funds with minimum corpus of Rs. 2,500 lacs (subject to applicable law) and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India	Eligible NRIs, Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, scientific institutions, societies and trusts.	Individuals (including HUFs in the name of karta, NRI's), applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs. 1,00,000 in value.

	<b>QIBs***</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
	published in the Gazette of India and insurance funds set up and managed by army, navy or air force of the Union of India.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.****	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.****
Margin Amount	At least 10% of the Bid Amount in respect of bids placed by QIB Bidder on bidding .***	Full Bid Amount on bidding. ****	Full Bid Amount on bidding. ****

\* Subject to valid Bids being received at or above the Issue Price, Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the discretion of the Company, the BRLMs, designated stock exchange and subject to applicable provisions of the SEBI (ICDR) Regulations.

\*\* In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

\*\*\* The Company may consider participation by Anchor Investors for up to 12,45,000 Equity Shares in accordance with applicable SEBI ICDR Regulations. Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis. The QIB Portion includes Anchor Investor Portion, as per the SEBI ICDR Regulations. Anchor Investor Margin Amount shall be payable at the time of submission of the application form by the Anchor Investor.

\*\*\*\* In the case of ASBA bidders the SCSBs shall be authorised to block such funds in the bank account of the ASBA bidders that are specified in the ASBA Forms.

# If the aggregate demand by Mutual Funds is less than [•] Equity Shares aggregating to Rs. [•] lacs, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

#### **Bidding / Issue period\***

<b>BID / ISSUE OPENES ON</b>	<b>APRIL 27, 2010</b>
<b>BID / ISSUE CLOSES ON</b>	<b>APRIL 29, 2010</b>

\* The Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date.

Bids and any revision in Bids will be accepted only between 10 a.m. and 5 p.m. (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centres mentioned in the Bid cum Application Form except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until:-

- (i) 4.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and
- (ii) 5.00 p.m. or until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date.

Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days. Bids will be accepted only on Business Days.

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the exchanges.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with SEBI Regulations. The cap on the Price Band should not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to the Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

## TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, conditions of RBI approval, the terms of the Red Herring Prospectus, Bid-cum-Application Form, ASBA Form, the Revision Form, the Confirmation of Allocation Note (“CAN”) and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Reserve Bank of India, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

### Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on July 24, 2009 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting of shareholders held on August 04, 2009.

### Ranking of Equity Shares

The Equity Shares being issued through this Issue shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including rights in respect of dividends. The Allottees, in receipt of Allotment of Equity Shares under this Issue, will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of allotment. For a description of our Articles of Association, please refer to the section titled ‘*Main Provisions of the Articles of Association of our Company*’ beginning on page no. 288 of this Red Herring Prospectus.

### Mode of Payment of Dividend

We shall pay dividend to the shareholders as per the provisions of the Companies Act, 1956 and recommended by the Board of Directors and the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

### Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each will be issued in terms of the Red Herring Prospectus / Prospectus to be filed with the RoC, Maharashtra at a price of Rs. [●] per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

### Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- i. Right to receive dividend, if declared;
- ii. Right to attend general meetings and exercise voting powers, unless prohibited by law;
- iii. Right to vote on a poll either in person or by proxy;
- iv. Right to receive offers for rights shares and be allotted bonus shares, if announced;
- v. Right to receive surplus on liquidation subject to statutory and other preferential claims being satisfied;
- vi. Right of free transferability; and
- vii. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreements executed with the Stock Exchanges and the Memorandum and Articles of Association of the Company.

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section titled 'Main Provisions of the Articles of Association of our Company' beginning on page no. 288 of this Red Herring Prospectus.

### **Compliance with SEBI (ICDR) Regulations**

We shall comply with all disclosures and accounting norms as specified by SEBI from time to time.

### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized form, the tradable lot would be one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allocation and Allotment in this issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of Equity Shares. For details of allocation and allotment, please refer to the chapter titled 'Issue Procedure' beginning on page no. 251 of this Red Herring Prospectus.

### **Jurisdiction**

The jurisdiction for the purpose of this issue is with competent courts/authorities in Mumbai, India.

### **Nomination Facility to the Investor**

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original shareholder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

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

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

**Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective Depository Participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective Depository Participant.**

### **Minimum Subscription**

"If the Company does not receive the minimum subscription of 90% of the issue amount, including devolvement of the Underwriter/ Members of the Syndicate, if any, within 10 weeks from the date of Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956."

Further, in terms of sub-regulation (4) of Regulation 26 of the SEBI (ICDR) Regulations, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1000.

As per the policy of RBI, Overseas Corporate Bodies cannot participate in this Issue.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

#### **Withdrawal of the Issue**

Our Company in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid / Issue Closing Date, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Red Herring Prospectus after it is filed with the RoC.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

If our Company withdraws the issue after closure of bidding, our Company shall file a fresh draft offer document with the Board. In terms of the SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing date.

#### **Arrangements for disposal of odd lots**

Trading lot for our shares is one share; therefore, there are no odd lots.

#### **Restrictions on transfer of shares etc. and alteration of capital structure**

There are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting except as provided in our Articles. For further details, please refer to the section titled ‘*Main Provisions of the Articles of Association of our Company*’ beginning on page no. 288 of this Red Herring Prospectus.

#### **Application by Non Residents/NRIs/FIIs**

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of Allocation.

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in the Issue.



## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs including up to 5% of the QIB portion (excluding Anchor Investors) which shall be available for allocation to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Bidders are required to submit their Bids through the members of the Syndicate. Further, QIB bids can be submitted through the BRLMs or their affiliates as Syndicate Members. In case of QIB Bidders, our Company, in consultation with the BRLMs, may reject any Bid procured from QIBs, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefore shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders our Company would have a right to reject the Bids only on technical grounds.

**Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.**

### Bid cum Application Form

#### **(a) QIB, Non Institutional and Retail Individual Bidders**

Bidders (except ASBA Bidders) shall only use the specified Bid cum Application Form bearing the stamp of a Member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note (“CAN”), and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

#### **(b) Bidders using the ASBA process**

In accordance with the SEBI Regulations, all investors, other than a QIB can participate by way of the ASBA process. ASBA Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a SCSB for the purpose of making a Bid in terms of the Red Herring Prospectus. Upon the Allocation of Equity Shares, intimation to the SCSBs of the respective Bidders under ASBA process and filing of the Prospectus with the RoC and the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a SCSB, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC and after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Person Resident in India and Eligible NRIs applying on a non-repatriation basis	White
Non-residents including Eligible NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI and other Non-Residents applying on a repatriation basis	Blue

Anchor Investors*	White
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\* Bid cum Application forms for Anchor Investors have been made available for Anchor Investors at the Registered Office of our Company and the BRLMs.

The physical ASBA Bid-cum-Application Form shall be white in colour.

Only QIBs can participate in the Anchor Investor Portion.

#### Who Can Bid

- i. Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
- ii. Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- iii. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- iv. Indian Mutual Funds registered with SEBI;
- v. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI (ICDR) Regulations, SEBI Guidelines and other regulations, as applicable);
- vi. Venture Capital Funds registered with SEBI;
- vii. Foreign Venture Capital Investors registered with SEBI;
- viii. State Industrial Development Corporations;
- ix. Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in Equity Shares;
- x. FIIs and sub-accounts registered with SEBI on repatriation or non-repatriation basis (other than a sub-account which is a foreign corporate or foreign individual).
- xi. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category
- xii. Insurance companies registered with the Insurance Regulatory and Development Authority of India;
- xiii. Provident funds with minimum corpus of Rs. 2500 lacs and who are authorized under their constitution to invest in equity shares;
- xiv. Pension funds with minimum corpus of Rs. 2500 lacs and who are authorized under their constitution to invest in equity shares;
- xv. Multilateral and bilateral development financial institutions;
- xvi. Eligible NRIs on a repatriation/non- repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not permitted to participate in this Issue;
- xvii. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares;

- xviii. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- xix. Persons otherwise eligible to invest under all applicable laws, rules, regulations and guidelines; and
- xx. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
- xxi. Insurance funds set up and managed by the army, navy, or air force of the Union of India.

**As per existing regulations, OCBs cannot Bid in this Issue. Sub-accounts of FII's who are foreign corporates or foreign individuals are not QIBs, and hence cannot Bid in the QIB Portion in the Issue. Such Sub- accounts shall, however, be eligible to bid under the Non- Institution portion.**

**Note:** The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLMs and the Syndicate Members, may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion, where the allocation is on a proportionate basis.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant laws, rules, regulations or statutory guidelines.**

**The information above & otherwise contained in this section as regards investment laws, investments limits, etc. as applicable to various categories of investors is given for the benefit of the Bidders. Our Company, the BRLMs are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus.**

#### **Participation by Associates of BRLMs and Syndicate Members:**

The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. Associates and affiliates of the BRLMs and the Syndicate Member(s) may Bid and subscribe to Equity Shares in the Issue including in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotments to all investors including associates of BRLMs and Syndicate Members shall be on a proportionate basis.

The BRLMs and Syndicate Members as also Associates and affiliates of the BRLMs and Syndicate Members, the Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

#### **Application in the Issue**

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only. The specified securities, on allotment, shall be traded on stock exchanges in demat segment only

#### **HOW TO APPLY – AVAILABILITY OF FORMS, RED HERRING PROSPECTUS AND MODE OF PAYMENT**

##### **Bid by Mutual Funds**

An eligible Bid by Mutual Fund shall be first considered for allocation proportionately in the Mutual Fund portion. In the event that the demand is greater than [•] Equity Shares, aggregating to Rs. [●] lacs, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

The Bids made by Asset Management Companies or Custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made.

***As per the current regulations, the following restrictions are applicable for investments by mutual funds:***

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

**Bids by Eligible NRIs**

Bid-cum-Application Forms will be made available for Eligible NRIs at our Registered Office, with members of the Syndicate and with the Registrar to the Issue.

Bids by NRIs for a Bid Amount of up to or less than Rs. 1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of Allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under Non Institutional Bidder Portion for the purposes of Allocation. For further details please refer to paragraph titled "*Maximum and Minimum Bid Size*" under this chapter titled "*Issue Procedure*" beginning on page 251 of this Red Herring Prospectus

Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their NRE / FCNR accounts shall be considered for allotment under the NRI category. Eligible NRIs intending to participate in the bidding process shall ensure that their foreign address is registered with their Depository Participant or furnished on the Bid-cum-Application form. Post Allotment, if any, on repatriable basis, our Company is required to file FC-GPR with the Reserve Bank of India through an authorised dealer category-I bank along with a KYC (Know Your Client) report issued by the their banker. Eligible NRIs who may be Allotted Equity Shares of our Company in the Issue are required to facilitate the issue of the above said report to be furnished to RBI. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour) and shall not use the forms meant for reserved category.

**Bids by FIIs**

**As per current regulations, the following restrictions are applicable for investment by FIIs:**

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid capital of our Company (*i.e.* 3,31,23,913 Equity Shares of Rs. 10 each). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total paid-up capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.

As of now, the aggregate FII holding in our Company cannot exceed 24% of the total paid-up capital of our Company. With approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%; however till date no such resolution has been recommended to our shareholders for approval.

Sub-accounts of FII's who are foreign corporates or foreign individuals are not QIBs, and hence cannot Bid in the QIB Portion in the Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Associates and affiliates of the Underwriter, including the BRLMs and Syndicate Members that are FIIs or its sub-account may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

### **Issue Procedure for ASBA Bidders**

#### **Who can Bid?**

In accordance with the SEBI Regulations, all Investors, other than a QIB can submit their applications through the ASBA process to Bid for the Equity Shares.

The ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly completed, as described in this section. The list of banks notified by SEBI to act as SCSBs for the ASBA Process and details on Designated Branches of SCSBs collecting the ASBA Forms are available at <http://www.sebi.gov.in>.

#### **ASBA Process**

Application for bids to the Issue can also be made through an alternate process of bidding introduced by SEBI known as Application Supported by Blocked Amount (ASBA). An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCSB and/or the Designated Branch of SCSB with whom the bank account to be blocked, is maintained. The SCSB will then block the application money in the bank account specified in the ASBA, on the basis of an authorisation to this effect given by the account holder in the ASBA. The application money will remain blocked in the bank account till finalisation of the basis of Allotment in the issue or till withdrawal/ failure of the issue or till withdrawal/ rejection of the application, as the case may be. The ASBA data will thereafter be uploaded by the SCSB in the electronic bidding system through a web enabled interface provided by the Stock Exchanges. The Registrar to the Issue shall finalise the basis of Allotment and submit it to the Designated Stock Exchange for approval. The Registrar to the Issue shall reject multiple ASBAs determined as such, based on common PAN. Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branch (“CB”) of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Issuer’s account within the timelines specified in the ASBA process:

- (i) Number of shares to be Allotted against each valid ASBA;
- (ii) Amount to be transferred from the relevant bank account to the Issuer’s account, for each valid ASBA;
- (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Issuer’s account;
- (iv) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

SCSBs shall unblock the relevant bank accounts for:

- (i) Transfer of requisite money to the issuer’s account against each valid ASBA.
- (ii) Withdrawn/ rejected/ unsuccessful ASBAs.

The CB of each SCSB shall confirm the transfer of requisite money against each successful ASBA to the Registrar to the Issue. The Registrar to the Issue shall credit the shares to the demat account of the successful ASBA investors.

In case an ASBA investor wants to withdraw his/ her ASBA during the Bidding Period, he/ she shall submit his/ her withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA investor wants to withdraw his/ her ASBA after the Bid/Issue closing date, he/ she shall submit his/ her withdrawal request to the Registrar to the Issue, The Registrar shall delete the withdrawn bid from the bid file.

The ASBA investors are advised to fill the Depository Participant Identification Number, Client Identification Number, BID Quantity and PAN clearly in the ASBA Form which shall be uploaded by the SCSB in the electronic bidding system provided by the Stock Exchange(s) which is matched by the Registrar to the Issue with the depository database for the correctness of the Depository Participant Identification Number, Client Identification Number and PAN. In the event of any error in the abovementioned details the ASBA shall be rejected.

Further, In case of withdrawal/ failure of the issue, the amount will be unblocked by the SCSB on receipt of information from the BRLMs.

**Notes:**

1. On the Bid/Issue Closing Date, the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of Bids, typically experienced on the last day of bidding, may lead to some Bids received on the last day not being uploaded, due to lack of sufficient uploading time and such Bids that could not be uploaded may not be considered for Allocation;
2. The Stock Exchanges will enable SCSBs to upload data on the electronic bidding system in a secure way, and will provide facilities for identification of data uploaded by each SCSB,
3. The Stock Exchange(s) shall ensure that the electronic bidding system provides all the appropriate fields, along with identification of SCSBs, to enable SCSBs to upload the bid data properly. The electronic bidding system shall also be enabled to display bid opening/ closing date, price band and revision in price band/ bid period and to reset relevant data fields upon revision, if any.
4. Only Bids that are uploaded on the online IPO system of the BSE and the NSE shall be considered for Allocation/ Allotment.

**Checklist for ASBA Investors**

	<b>Physical ASBA</b>	<b>Electronic ASBA</b>
Ensure that the application is through the blocking of amount in a bank account with a SCSB	✓	✓
Submit completed ASBA Form physically to SCSB with whom amount to be blocked	✓	✗
Submit completed ASBA Form electronically through internet banking facility provided by SCSB	✗	✓
Obtain acknowledgement specifying the system generated application number from SCSB as proof of acceptance of ASBA Form (physical or electronic)	✓	✓
Obtain a Transaction Registration Slip/ Order number, confirming upload of ASBA details in the electronic bidding system of the Stock Exchange(s).	✓	✓
The Transaction Registration Slip/ Order number shall be given to the ASBA investor as a proof of uploading the details of ASBA, only on demand.		

**Application by SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors**

*As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:*

The SEBI (Venture Capital Funds) Regulations, 1996 as amended and SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment through an IPO by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor provided not more than 25% of the corpus of an individual Venture Capital Fund registered with SEBI should be invested in one Venture Capital Undertaking.

Pursuant to the SEBI Regulations, the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering are exempt from lock-in requirements only if the shares have been held by them for at least one year prior to filing the draft prospectus with SEBI

**The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the**



applicable limits under laws or regulations, and our Company and the BRLMs shall on no grounds whatsoever be liable for or responsible for any breach of applicable regulations by any investor or category of investors.

#### Maximum and Minimum Bid Size:

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 1.00 Lac. In case of Revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.1 Lac. In case the Bid amount is over Rs.100,000 due to revision of the Bid or revision of the Price Band or on exercise of the Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds Rs. 1.00 Lac and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws/regulations.

Refund amounts following a permitted withdrawal of a bid shall be made in the manner described under paragraph “Payment of Refund”.

**Under the existing SEBI (ICDR) Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revisions of Bids, the Non-Institutional Bidders, who are Individuals, have to ensure that the Bid Amount is greater than Rs. 1.00 Lac for being considered for allocation in the Non-Institutional Portion. In case the Bid amount reduces to Rs. 1.00 Lac or less due to a revision in Bids, or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. **Non-Institutional Bidders and QIBs are not allowed to Bid at “Cut-off”.**

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, or regulation or as specified in this Red Herring Prospectus.

- (c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,000 lacs and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period.**

#### Information for the Bidders

- i. Our Company will file the Red Herring Prospectus with the RoC at Maharashtra, Mumbai at least 3 (three) days before the Bid/Issue Opening Date.
- ii. Our Company and the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and the same shall also be published in three newspapers (one each in English, Hindi and Marathi). Further, the Price Band and minimum bid lot size shall be disclosed at least two days prior to Bid/Issue Opening Date in three newspapers (one each in English, Hindi and Marathi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of the SEBI (ICDR) Regulations, 2009.
- iii. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

- iv. An investor (who is eligible to invest in our Equity Shares according to the terms of the Red Herring Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
- v. The Bids should be submitted on the prescribed Bid cum Application Form only. The Bid cum Application Form should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
- vi. The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to SCSBs, BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one newspaper in the regional language, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.
- vii. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Shares of Rs. 10 each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Rs. 1 (One).
- viii. Investors who are interested in subscribing for our Company's Equity Shares should approach the BRLMs or Syndicate Member or their authorised agent(s) to register their Bid.
- ix. The Members of the Syndicate shall accept Bids from the Bidder during the Issue Period in accordance with the terms of the Syndicate Agreement.
- x. Our Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI (ICDR) Regulations. The higher end of the Price Band should not be more than 120% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band.
- xi. Our Company in consultation with the BRLMs can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- xii. For ASBA Process, please refer to the paragraph titled "*Issue Procedure for ASBA Bidders*" under this chapter titled "*Issue Procedure*" beginning on page 251 of this Red Herring Prospectus.

### **Method and Process of Bidding**

- i. Our Company, the BRLMs shall declare the Price Band and minimum bid lot size, atleast two days prior to Bid/Issue Opening Date in three newspapers (one each in English, Hindi and Marathi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format and contain the disclosures specified in Schedule XIII of the SEBI (ICDR) Regulations. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- ii. Investors who are interested in subscribing to our Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
- iii. The Bidding/Issue Period shall be for a minimum of three working days and not exceeding ten working days including the days for which the issue is kept open incase of revision in Price Band. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to SCSBs, BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one newspaper in marathi, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.
- iv. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (For further details please refer to the paragraph titled '*Bids at Different Price Levels*' on page no. 259 of this Red Herring Prospectus) within the Price Band and specify the demand (*i.e.*, the number of equity shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the



Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of equity shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

- v. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation/allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph titled '*Build up of the Book and Revision of Bids*' on page no. 263 of this Red Herring Prospectus.
- vi. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- vii. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.
- viii. The BRLMs shall accept Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one day prior to the Bid/ Issue Opening Date. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- ix. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph '*Terms of Payment and Payment into the Escrow Collection Accounts*' on page no. 261 of this Red Herring Prospectus.

#### **Bids at Different Price Levels**

- i. The Price Band and minimum bid lot size shall be disclosed, atleast two days prior to Bid/Issue Opening Date in three newspapers (one each in English, Hindi and Marathi). This advertisement, subject to the provisions of S. 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of the of the SEBI (ICDR) Regulations, 2009. The Bidders can bid at any price with in the Price Band, in multiples of Re 1.
- ii. In accordance with SEBI Regulations, our Company in consultation with the BRLMs can revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three additional working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- iii. Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band, during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three working days, subject to the total Bidding Period not exceeding ten working days. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
- iv. Any revision in the Price Band and the revised Bidding/Issue period will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi), and one marathi newspaper, and also by indicating the change on the websites of the BRLMs, and the terminals of the members of the Syndicate.
- v. Our Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- vi. Our Company, in consultation with the BRLMs, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.

- vii. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity shares at a specific price. **Retail Individual Bidders may bid at Cut-off price. However, bidding at Cut-off price is prohibited for QIB Bidders or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
- viii. Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined, which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Amount based on the higher end of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut off Price (*i.e.*, the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account as the case may be.
- ix. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount *i.e.*, original Bid Price plus additional payment does not exceed Rs. 1 Lac for Retail Individual Bidders, if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (*i.e.*, original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Institutional Bidders, the Bid will be considered for allocation under the Non-Institutional portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- x. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or the Refund Account as the case may be.
- xi. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed revision Form which is a part of the Bid cum Application Form.
- Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- xii. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
- xiii. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- xiv. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- xv. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the **Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

- xvi. In case of discrepancy of data entered in the electronic book vis-à-vis the data contained in the physical bid form, for a particular bidder the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.
- xvii. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5000 to Rs. 7000.

#### **Escrow Mechanism (Not Applicable for ASBA investors)**

##### **Escrow account for the Issue:**

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement. Payment of refunds to the Bidders shall also be made from the Escrow Collection Banks as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders shall note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the BRLMs and the Registrar to the Issue and the Syndicate Members to facilitate collections from the Bidders and the Company.

For ASBA Process, please refer to the paragraph titled “*Issue Procedure for ASBA Bidders*” under chapter titled “*Issue Procedure*” beginning on page 251 of this Red Herring Prospectus.

##### **Terms of Payment and Payment into the Escrow Collection Accounts (not applicable to ASBA Investors)**

In case of Retail Individual Bidders and Non-Institutional Bidders, each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form and draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (For further details please refer to the paragraph titled ‘*Payment Instructions*’ beginning on page no. 271 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account for the benefit of the Bidders who are entitled to refunds. Not later than 10 weeks from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

In case of QIBs, each QIB shall along with submission of the Bid Cum Application form, draw a cheque or demand draft for 10% of the maximum amount of his Bid in favour of the Escrow account of the Escrow Collection Bank. The balance amount shall be payable by the Bidder for Equity Shares allocated at the Issue Price, no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected and the margin money will be refunded.

Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the chapter titled '*Issue Structure*' beginning on page no. 244 of this Red Herring Prospectus. Where Margin Amount applicable to Bidders is less than 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

**Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.**

For ASBA Process, please refer paragraph titled "*Issue Procedure for ASBA Bidders*" under chapter titled "*Issue Procedure*" beginning on page 251 of this Red Herring Prospectus.

### **Electronic Registration of Bids**

- 1) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- 2) BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information shall be available with the BRLMs on a regular basis.
- 3) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centers and the websites of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the Bidding centres during the Bidding Period.
- 4) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - i) Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
  - ii) Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund *etc.*
  - iii) Numbers of Equity Shares bid for.
  - iv) Bid Price.
  - v) Bid cum Application Form number.
  - vi) Whether Margin Amount has been paid upon submission of Bid cum Application Form; and
  - vii) Depository Participant Identification Number and Client Identification Number of the Beneficiary Account of the Bidder.
- 5) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- 6) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

- 7) Any of the BRLMs and/ or members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds as listed on page no. 275 of this Red Herring Prospectus.
- 8) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- 9) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of BSE and NSE.
- 10) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.
- 11) Bids not uploaded to the online IPO system of NSE / BSE shall not be considered for allocations / allotment. In case of discrepancy of data between the BSE and NSE the decision of the BRLMs and the designated stock exchange based on the physical records of the Bid Cum Application forms shall be final and binding on all concerned.

#### **Build Up of the Book and Revision of Bids**

The Issue Price will be determined by our Company in consultation with the BRLMs, on the basis of assessment of the market demand for the Equity Shares, by way of the Book Building Process. The Price Band will be decided by us in consultation with the BRLMs.

- i. The Bidding process shall be only through an electronically linked transparent bidding facility provided by the Stock Exchanges. Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis. The SEBI (ICDR) Regulations require that the Bidding terminals shall contain online graphical display of demand and Bid prices updated at periodic intervals not exceeding thirty minutes.
- ii. The book gets built up at various price levels.
- iii. The Price Band can be revised during the Bidding Period, in which case the bidding period shall be extended further for a period of three days, subject to the total bidding period not exceeding ten working days. The Cap on the Price Band shall not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the Floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
- iv. Any revision in the Price Band will be widely disseminated by informing the Stock Exchanges, by issuing a Public Notice in two national newspapers (one each in English and Hindi) and one regional newspaper and also indicating the change on the relevant websites and the terminals of the members of the syndicates.
- v. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band and using the printed Revision Form, which is a part of the Bid cum Application Form.
- vi. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- vii. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
- viii. In case of ASBA bidders, if the bid amount is higher than the subscription amount payable, the ASBA account shall be unblocked to the extent of such excess of bid amount over the subscription amount payable. In case of an upward revision in the Price Band, the ASBA bidder who had bid at cut-off price could either (i) revise their ASBA Bid or (ii) instruct to



block additional amount based on the revised Cap price (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs 1 lac for Retail Individual Bidder, if the bidder wants to continue to Bid at Cut off price) with the CB or DB of the SCSBs to whom original ASBA Bid was submitted. In case total amount (i.e. original bid amount plus additional amount blocked) exceeds Rs 1 lac for Retail Individual bidder at the cut off price the bid will be considered under the Non Institutional portion. If however, the ASBA Bidder does not either revise the ASBA Bid or instruct to block additional amount and Issue price is higher at than the cap price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allotment, such that no additional amount would be required to be blocked from the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised bid.

- ix. Bidders including ASBA Investors are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form.
- x. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In the case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- xi. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- xii. For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 1000 lacs and in multiples of [●] Equity Shares thereafter
- xiii. Only bids that are uploaded to the online IPO system of NSE/ BSE shall be considered for Allocation / Allotment. In case of discrepancy of data between NSE or BSE and the Syndicate Member, the decision of our Company, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange, based on physical records of Bid cum Application Forms shall be final and binding to all concerned.

#### Option to Subscribe

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialised form only. Bidders will not have the option of getting the allotment in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

#### Price Discovery and Allocation/ Allotment

- i. After the Bid Closing Date /Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with our Company.
- ii. Our Company, in consultation with the BRLMs, shall finalise the “Issue Price” and the number of Equity Shares to be allotted in each category to the Bidders.
- iii. The allocation to QIBs will be not more than 50% (of which 5% shall be reserved for Mutual Funds, excluding Anchor Investor Portion), and not less than 15% for Non-Institutional Bidders and not less than 35% for Retail Individual Bidders of the Net Issue respectively, on proportionate basis, in the manner specified in the SEBI (ICDR) Regulations and the Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- iv. Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLMs and Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares aggregating to Rs. [●] Lacs, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.
- v. The BRLMs in consultation with our Company, shall notify the members of the Syndicate of the Issue Price and Allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

- vi. Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting such Bid shall be provided to such Bidder in writing.
- vii. Allocation to QIBs, NRIs, FIIs, Foreign Venture Capital Funds, registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI and other applicable laws, rules, regulations while granting permission for allotment of Equity Shares to them.
- viii. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Board meeting for allotment without assigning any reasons whatsoever.
- ix. In terms of the SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- x. The allotment details shall be put on the website of the Registrar of the Issue.

#### **Signing of Underwriting Agreement and ROC Filing**

- i. Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s)/Allotment to the Bidders.
- ii. After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

#### **Filing of the Prospectus with the ROC**

We will file a copy of the Prospectus with the Registrar of Companies, Maharashtra, Mumbai in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### **Announcement of Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the Schedule XIII (Part A) of the SEBI (ICDR) Regulations in an English national daily with wide circulation, one Hindi National newspaper and a marathi newspaper with wide circulation at Mumbai.

#### **Advertisement Regarding Issue Price and Prospectus**

We will issue a statutory advertisement after the filing of the Prospectus with the RoC at Maharashtra, Mumbai in two widely circulated newspapers (one each in English and Hindi) and one local newspaper. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of filing of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of Confirmation of Allocation Note (CAN)**

After the determination of the Issue Price, the following steps would be taken:

- i. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate/ SCSBs a list of their Bidders who have been allocated/Allotted Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date. The BRLMs or Registrar to the Issue shall send to the Syndicate Member/ SCSBs a list of their Bidders who have been allocated Equity Shares in the Issue.



- ii. The BRLMs or Syndicate Member or Registrar (in the case of ASBA Bidder) would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the Allocation Amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- iii. Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.
- iv. The issuance of CAN is Subject to “Notice to Anchor Investors - Allotment Reconciliation and Revised CANs” and “Notice to QIBs: Allotment Reconciliation and revised CANs” as set forth herein.

**INVESTORS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THIS ISSUE.**

**Notice to Anchor Investors: Allotment Reconciliation and Revised CANs**

A physical book will be prepared by the Registrar on the basis of Bids received. Based on the physical book and at the discretion of the BRLMs, select Anchor Investors may be sent a CAN, within two working days of the Anchor Investor Bid/ Issue Period, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investors to pay the entire Anchor Investor Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and allotment by the Board of Directors. In the event that the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors. The price of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares or increased price of Equity Shares. The Pay-in Date in the revised CAN shall not be later than two days after the Bid/ Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

**Notice To QIBs: Allotment, Reconciliation And Revised Cans**

After the Bid/Issue Closing Date, an Electronic Book will be prepared by the Registrar on the basis of Bids received and uploaded on the BSE/NSE system. This shall be followed by physical book prepared by the Registrar on the basis of the Bid cum Application form received. Based on the physical book or electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allotted to them. This CAN is subject to the Basis of final allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI (ICDR) Regulations, certain Bid Applications may be rejected due to technical reasons, non-receipt of fund, cancellation of cheques, cheque bouncing, incorrect details, *etc.*, and these rejected applications will be reflected in the reconciliation and basis of allotment as approved by the Designated Stock Exchange and specified in the reconciled book. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety, the earlier CAN.

**Designated Date and Allotment of Equity Shares**

- i. Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees. Our Company would ensure the credit to the successful Bidders depository account. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

- ii. In accordance with the SEBI (ICDR) Regulations, Equity Shares will be issued, shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their depository account to them pursuant to Allotment in this Issue.**

### **General Instructions**

#### **Do's:**

- i. Check if you are eligible to apply in the Issue;
- ii. Complete the Bid cum Application Form(White or Blue in Colour, as the case may be) after reading all the instructions carefully;
- iii. Read all the instructions carefully and complete the Bid cum Application Form as the case may be;
- iv. Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only. Bids through the ASBA shall be submitted to any of the designated branches and/ or the controlling branches of the SCSB where the investor has his account;
- v. Investor must ensure that the name given in the Bid cum Application Form/ASBA Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form 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 Bid cum Application Form;
- vi. Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a members of the Syndicate;
- vii. Ensure that you have been given a TRS for all your Bid options;
- viii. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- ix. Ensure that the Bid is within the Price Band;
- x. Ensure that DP account is activated;
- xi. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act. Every Applicant in this issue should hold a valid PAN Card and must quote a valid PAN number while making an application in this issue. Without this information the documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit their GIR number instead of the PAN as the bid is liable to be rejected on this ground;**
- xii. Ensure that the demographic details (as defined herein below) are updated true and correct in all respects

#### **Don'ts:**

- i. Do not Bid for lower than the minimum Bid size;
- ii. Do not Bid/ revise Bid Amount to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- iii. Do not Bid on another Bid cum Application Form/ASBA Form after you have submitted a Bid to the members of the Syndicate;

- iv. Do not pay the Bid Amount in cash, through stockinvest, by money order or by postal order;
- v. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- vi. Do not Bid at Cut Off Price (for QIB Bidders, Non-Institutional Bidders) ;
- vii. Do not Bid at Bid Amount exceeding Rs 1,00,000 (for Retail Individual Bidders);
- viii. Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- ix. Do not submit Bid accompanied with Stock invest;
- x. Do not submit GIR number instead of PAN as Bid is liable to be rejected on this ground; and
- xi. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- xii. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction.

#### **Instructions for Completing the Bid cum Application Form**

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the BRLMs or Syndicate Members.

#### **Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- i. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable white colour for Resident Indians, blue colour for NRI, FII or foreign venture capital fund registered with SEBI applying on repatriation basis.
- ii. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- iii. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- iv. For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 1 Lac.
- v. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds Rs. 1 Lac and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Net Offer to the Public. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- vi. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- vii. Eligible NRIs for a Bid Price of up to Rs. 1,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 1,00,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [●] Equity Shares thereafter that the Bid Price exceeds Rs. 1,00,000.
- viii. Bids by Non Residents, NRIs and FIIs, FVCIs on a repatriation basis shall be in the names of individuals, or in the names of FIIs, FVCIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

### **Bidder's depository account and Bank Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including Magnetic Ink Character Recognition (MICR) Code (a nine digit code appearing on a cheque leaf) and occupation (hereinafter referred to as 'Demographic Details'). These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through direct credit or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank or the Escrow Collection Banks nor the Company shall be liable to pay any interest for such delay or shall have any responsibility and undertake any liability for the same.

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM 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 BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/CANs/Allocation advice and printing of bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, the Bidder 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.

Refund Orders/ECS refunds for credits/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ECS refunds for credits /allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company nor the Registrar nor the Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any such interest for such delay. **In case of refunds through electronic mode as detailed in this Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.**

Our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the Refund Orders/ECS refunds for credits/Allocation Advice/CANs, the demographic details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder) In such cases, the Registrar shall use Demographic details as given in the Bid cum Application Form instead of those obtained from the Depositories.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose**

**in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**As per the RBI regulations, OCBs are not permitted to participate in the Issue. Further, there is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.**

**The information above is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus.**

**Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.**

#### **Bids by eligible NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI on a Repatriation Basis**

Bids and revision to Bids must be made:

- i. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- ii. In a single name or joint names (not more than three) and in the same order as their Depository Participant details.
- iii. Bids by NRIs for a Bid Amount of up to Rs. 1 Lac would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1 Lac would be considered under Non-Institutional Bid Portion for the purposes of allocation. Bids by FIIs or Foreign Venture Capital Investors registered with SEBI, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter so that the Bid Price exceeds Rs. 1 Lac. For further details, please refer to the paragraph titled 'Maximum and Minimum Bid Size' on page no. 257 of this Red Herring Prospectus.
- iv. In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- v. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission.
- vi. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.
- vii. Our Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

*The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.*

It is to be distinctly understood that there is no reservation for Eligible NRIs, FVCIs and FIIs. All Eligible NRIs, FVCIs and FIIs will be treated on the same basis with other categories for the purpose of Allocation.

### **Bids under Power Of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

**We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms that we may deem fit.**

### **Payment Instructions (not applicable to ASBA Investors)**

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

#### **Payment into Escrow Account (not applicable to ASBA Investors):**

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

- 1) The applicable Margin Amount for Non Institutional and Retail Individual Bidders is equal to 100% and while submitting the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.
- 2) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLMs.
- 3) The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - i) In case of Resident QIB Bidders: **“Escrow Account- Mandhana Public Issue – QIB-R”**
  - ii) In case of Non Resident QIB Bidders: **“Escrow Account- Mandhana Public Issue – QIB-NR”**
  - iii) In case of Resident Bidders: **“Escrow Account- Mandhana Public Issue - R”**



iv) In case of Non-resident Bidders: **“Escrow Account- Mandhana Public Issue - NR”**

- 4) Anchor Investors would be required to pay the Anchor Investor Margin Amount at the time of submission of the application form by the Anchor Investors and the balance shall be payable within two (2) days of the Bid/ Issue Closing Date. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
- 5) For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of resident Anchor Investors: **“Escrow Account- Mandhana Public Issue-Anchor-R ”**
  - (b) In case of non-resident Anchor Investors: **“Escrow Account- Mandhana Public Issue -Anchor-NR”**
- 6) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
- 7) In the case of Bids by Eligible FIIs applying on a non-repatriation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or an NRO Account
- 8) In case of Bids by FIIs or FVCI's, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
- 9) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of our Company or the Refund Account as the case may be.
- 10) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- 11) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and the surplus amount if any shall be transferred into the Refund Account maintained with the Refund Banker for the benefit of the Bidders entitled to a refund.
- 12) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
- 13) Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stock invest/Money Orders/ Postal orders will not be accepted.
- 14) Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
- 15) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.



*Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.*

#### **PAYMENT INSTRUCTIONS – ASBA INVESTORS**

In case of bids by ASBA investors, on the submission of the ASBA Form with the SCSB (whether in physical or electronic form), the Bid monies in the investor's account maintained with the respective SCSB shall be blocked till the receipt of intimation from the Registrar by the controlling branch of the respective SCSBs containing the following details along with the instruction to unblock the relevant bank accounts and transfer the monies to our Company's account within the stipulated timelines:

- (i) Number of shares to be Allotted against each valid ASBA;
- (ii) Amount to be transferred from the relevant bank account to the issuer's account, for each valid ASBA;
- (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the issuer's account; and
- (iv) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

The Registrar shall also inform the SCSB about all the rejected ASBAs and the reason for them being rejected. The SCSB on being so instructed by the Registrar to the Issue, shall unblock the relevant bank accounts for transfer of requisite money to the issuer's account for each valid ASBA.

In case the bank account of the investor does not have sufficient balance to meet the application money the ASBA shall stand rejected.

#### **Payment by Stockinvest**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

#### **Submission of Bid cum Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. For QIB Bidders, the members of the Syndicate shall collect 10% of the Margin Amount.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

#### **Other Instructions**

##### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic details received from the Depository.

##### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and nonnumeric characters, i.e., commas, full stops, hashes, etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be performed among the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and client identity numbers. If applications bear the same numbers, these will be treated as multiple applications.
6. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. Upon completion of this exercise, the applications will be identified as multiple applications.
7. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.
8. In cases where there are more than 21 valid applicants having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of KYC norms by the depositories.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

Our Company in consultation with BRLMs & designated stock exchange reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

#### **Permanent Account Number or PAN**

Pursuant to the SEBI circular MRD/DoP/Circ-05/2007 dated April 27, 2007 and June 25, 2007 (No. MRD/DoP/Cir-08/2007), SEBI has mandated Permanent Account Number ("**PAN**") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007.

Pursuant to Item XII(B)(17)(c) of Part A of Schedule VIII to the SEBI Regulations, all applicants are required to disclose their PAN allotted under the I.T. Act in the Bid-cum-Application Form, irrespective of the amount of the Bid. Applications in which PAN so allotted is not mentioned would be rejected.

Except for Bids on behalf of the Central or State Government, the officials appointed by the courts and residents of Sikkim, each of the Bidders should mention his/her PAN allotted under the I.T. Act.

Therefore, irrespective of the amount of the Bid, the Bidder or in the case of a Bid in joint names, each of the Bidders should mention his/her PAN allotted under the I.T. Act. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR Number instead of the PAN as the Bid is liable to be rejected on this ground.**

#### **Unique Identification Number-MAPIN**

SEBI has, with effect from July 2, 2007 declared that the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Thus the use of UIN has been discontinued.

#### **Our Right to Reject Bids**

In case of QIB Bidders, our Company, in consultation with the BRLMs may reject a bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of submission of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of Non-Institutional Bidders, Retail Individual Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made as set out under the heading titled 'Modes of Making Refunds' on page no. 284 of this Red Herring Prospectus.

**Grounds for Technical Rejections (including ASBA Forms, unless the context otherwise requires)**

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- i. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- ii. Age of First Bidder not given;
- iii. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- iv. NRIs, except Eligible NRIs;
- v. Bid by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- vi. GIR number given instead of PAN;
- vii. PAN Number not mentioned regardless of the size of the Bid;
- viii. Bank account details for refund are not given;
- ix. Bids for lower number of Equity Shares than specified for that category of investors;
- x. Bids at a price less than lower end of the Price Band;
- xi. Bids at a price more than the higher end of the Price Band;
- xii. Bids by QIBs not submitted through members of the Syndicate;
- xiii. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- xiv. Bids for number of Equity Shares which are not in multiples of [●];
- xv. Category not ticked;
- xvi. Multiple Bids as defined in this Red Herring Prospectus;
- xvii. In case of Bid under power of attorney or by limited companies, corporate, trust *etc.*, relevant documents are not submitted;
- xviii. Bids accompanied by Stock invest/money order/postal order/cash;
- xix. Signature of sole and / or joint Bidders missing;
- xx. Bid cum Application Forms does not have the stamp of the Syndicate Members;
- xxi. Bid cum Application Forms does not have Bidder's depository account details;
- xxii. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;

- xxiii. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- xxiv. Bids not duly signed by the sole/joint Bidders;
- xxv. Bids by OCBs; or
- xxvi. If GIR number is mentioned instead of PAN Number
- xxvii. Bids by investors who are not eligible to bid using the ASBA process;
- xxviii. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
- xxix. Bids by U.S. residents or U.S. persons excluding "Qualified Institutional Buyers" as defined under Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- xxx. Bids by persons who are not eligible to acquire Equity Shares of the Company under any applicable law, rule, regulation, guideline or approval, in India or outside India.

#### **Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a) A tripartite Agreement dated February 06, 2008 with NSDL, our Company and the Registrar to the Issue;
- b) A tripartite Agreement dated February 05, 2008, with CDSL, our Company and the Registrar to the Issue.

**All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.**

#### **It is important that:**

- i. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- ii. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- iii. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- iv. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- v. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- vi. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrars to the Issue.

- vii. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- viii. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- ix. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

As this Issue comprises of a fresh Issue, investors are advised to instruct their Depository Participants to accept their Equity Shares that may be allocated to them pursuant to this Issue.

Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders *etc.*

### **Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders/ instruction to Self Certified Syndicate Banks by the Registrar**

Applicants having bank accounts at any of the centres who have registered the nine digit MICR code of their bank branch with their Depository Participant will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit or Real Time Gross Settlement (RTGS).

In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value less than Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders of Rs. 1,500 and above, if any, by registered post or speed post, only at the sole or First Bidder’s sole risk within fifteen (15) days of the Bid/Issue Closing Date and adequate funds for the purpose shall be made available to the Registrar by us.

Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders, if any, by “Under Certificate of Posting” or registered post or speed post or ECS, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges as mentioned under the heading ‘Listing’ in the section titled ‘Other Regulatory and Statutory Disclosures’ beginning on page no. 233 of this Red Herring Prospectus are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI (ICDR) Regulations, our Company further undertakes that:

- i. Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;

- ii. Despatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- iii. Our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not despatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Regulations.

Consequent refunds shall be made as set out under the heading titled '*Modes of Making Refunds*' on page no. 284 of this Red Herring Prospectus.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Save and except refunds effected through the electronic mode i.e. ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, payorders, or demand drafts drawn on a bank appointed by us, as a refund bank, and payable at par at places where Bids are received, except for bidders who have opted to receive refunds through the electronic facility. Bank charges if any, for encashing such cheques, payorders or Demand drafts at other centres will be payable by the company.

#### **Interest in Case of Delay in Dispatch of allotment letters/ Refund Orders**

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer

#### **Impersonation**

**Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

**“Any person who:**

- (a) makes in a fictitious name, a Bid to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

**shall be punishable with imprisonment for a term which may extend to five years.”**

#### **Interest on Refund of excess Bid Amount**

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Regulations.

#### **Basis of Allotment or Allocation**

**A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category is for less than or equal to 29,05,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this category are for more than 29,05,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

**B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment/ allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue to Public less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 12,45,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 12,45,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

**C. For QIB Bidders**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The Issue to Public less allocation to Non-Institutional Portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to [●] Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (*i.e.* after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled “*Illustration of Allotment to QIBs*” appearing below. If the valid Bids by Mutual Funds are for less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 50% of the Issue size, *i.e.* 41,50,000 Equity Shares.
- One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows;



- i. In the event that Mutual Fund Bids exceeds 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion (excluding Anchor Investor Portion).
  - ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion) then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
  - iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIBs shall be determined as follows:
- i. In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion (excluding Anchor Investor Portion).
  - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
  - iii. Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- (c) The aggregate allocation to QIB Bidders shall be upto 41,50,000 Equity Shares.

#### **D. For Anchor Investors**

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Company, in consultation with the BRLMs, subject to compliance with the following requirements:
  - Anchor Investors shall be QIBs as defined under the ICDR Regulations;
  - not more than 30% of the QIB Portion will be allocated to Anchor Investors;
  - one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors;
  - The Bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day;
  - Allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto Rs. 2,500 million and minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.
  - If the Issue Price is greater than the price at which Equity Shares have been allocated to Anchor Investors, the additional amount, being the difference between the Issue Price and the price at which Equity Shares were allocated to the Anchor Investors, shall be paid by the Anchor Investors. If the Issue Price is lower than the price at which Equity Shares are allocated to Anchor Investors, the Allotment to Anchor Investors shall be at the higher price, i.e., the price at which Equity Shares were allocated under the Anchor Investor Portion.
  - The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.
  - None of the BRLMs or any person related to the BRLMs, the Promoters or the Promoter Group shall participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors shall be clearly identified by the BRLMs and shall be available as part of the records of the BRLMs for inspection by SEBI.
  - Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid Opening Date by intimating the stock exchanges.

Except for any shares allocated to QIB Bidders due to under subscription in the Retail Portion and Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis up to the extent of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of Allocation refer below.

The BRLMs, the Registrar to the Issue and the executive director or the managing director of the Designated Stock Exchange shall ensure that the basis of Allotment is finalized in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalize the basis of Allotment shall be done in the presence of a public representative on the governing board of the Designated Stock Exchange.

### **Procedure and Time of Schedule for Allotment of Equity Shares and Demat Credit of Equity**

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on April 27, 2010 and expire on April 29, 2010. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the Issue Price, and, in consultation with the BRLMs, the basis of allocation and entitlement to allotment based on the Bids received and subject to the confirmation by the BSE/NSE. Successful Bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. SEBI (ICDR) Regulations require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

### **Method of Proportionate Basis of Allotment**

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders and QIBs in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

Allotment to Bidders shall be as per the basis of allocation as set out in the chapter titled ‘*Issue Structure*’ beginning on page no. 244 of this Red Herring Prospectus

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of [•] Equity Shares; and
  - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above.
- (e) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.
- (d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer. If the proportionate allotment to a Bidder is a number that is more than [•] but is not a multiple of 1 (which is the

marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

- (e) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of the Company, in consultation with the BRLMs.

### Illustration of Allotment to QIBs Other Than Anchor Investors

#### A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	2000 lacs equity shares
2.	Allocation to QIB (50%)*	1000 lacs equity shares
3.	Anchor Investor Portion	300 lacs equity shares
4.	Portion available to QIBs* other than Anchor Investors [(2) minus (3)]	700 lacs equity shares
	Of which:	
	a. Allocation to MF (5%)	35 lacs equity shares
	b. Balance for all QIBs including MFs	665 lacs equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	5000 lacs equity shares

\* Where 50% of the Issue size is required to be allotted to QIBs.

#### B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in lacs)
1	A1	500
2	A2	200
3	A3	1300
4	A4	500
5	A5	500
6	MF1	400
7	MF2	400
8	MF3	800
9	MF4	200
10	MF5	200
	<b>Total</b>	<b>5000</b>

# A1-A5: ( QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

#### C. Details of Allotment to QIB Bidders/Applicants

Type of QIB bidders	Shares bid for	Allocation of 35 lacs Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 665 lacs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	500	0	66.5	0
A2	200	0	26.6	0
A3	1300	0	172.9	0
A4	500	0	66.5	0
A5	500	0	66.5	0
MF1	400	7.0	53.2	60.2

Type of QIB bidders	Shares bid for	Allocation of 35 lacs Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 665 lacs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
MF2	400	7.0	53.2	60.2
MF3	800	14.0	106.4	120.4
MF4	200	3.5	26.6	30.1
MF5	200	3.5	26.6	30.1
	<b>5,000</b>	<b>35</b>	<b>665</b>	<b>301</b>

Please note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section entitled “**Issue Structure**” on page 244 of this Red Herring Prospectus.
- Out of 700 lacs equity shares allocated to QIBs, 35 lacs (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 2000 lacs equity shares in QIB category.
- The balance 665 lacs equity shares (i.e. 700 - 35 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 5000 lacs equity shares (including five MF applicants who applied for 2000 lacs equity shares).
- The figures in the fourth column entitled “Allocation of balance 665 lacs Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X  $665 / 4965$ .
  - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted ( i.e., column III of the table above)] X  $665 / 4965$ .
  - The numerator and denominator for arriving at allocation of 665 lacs shares to the 10 QIBs are reduced by 35 lacs shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

#### LETTERS OF ALLOTMENT OR REFUND ORDERS

Our Company shall give credit of the Equity Shares Allotted, if any, to the beneficiary account of the successful bidder with Depository Participants and submit the documents pertaining to the listing of the equity shares to the Stock Exchanges subsequent to finalization of the date of Allotment of Equity Shares. Bidders having bank accounts at any of the centres where clearing houses are managed by the Reserve Bank of India (RBI) and who have registered the nine digit MICR code of their bank branch with their Depository Participant will get refunds through Electronic Credit Service (ECS) only, except where a Bidder is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other Bidders, we shall despatch refund orders, if any, of value less than Rs. 1,500, by “Under Certificate of Posting”, and will despatch refund orders at or above Rs. 1,500, if any, by registered post only at the sole or First Bidder’s sole risk within fifteen (15) days of the Bid/Issue Closing Date and adequate funds for the purpose shall be made available to the Registrar by us. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through “Under Certificate of Posting” within fifteen (15) days of the Bid / Issue Closing Date, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

Our Company shall ensure dispatch of refund orders / refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Direct Credit or RTGS, as applicable, only at the First Bidder’s sole risk within fifteen (15) days of the Bid/Issue Closing Date, and adequate funds for postage and expenses for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI (ICDR) Regulations, we undertake that:

- i. Allotment shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- ii. Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- iii. We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time period prescribed above.
- iv. Our Company will provide adequate funds required for the cost of despatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue.

Our Company will provide adequate funds required for the cost of dispatch of refund orders/ refund advice/ Allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders. However, charges levied by the Refund Bank for electronic payments such as ECS, direct credit, RTGS or NEFT would be borne by our Company.

### Payment of Refund

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Refund Bank nor our Company nor the Registrar shall have any responsibility and undertake any liability for the same.

### Modes of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

**a) ECS** - Payment of refund would be done through ECS for applicants having an account at any of the centres specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned centres, except where the applicant, being eligible, opts to receive refund through Direct Credit, NEFT or RTGS.

- (a) **NEFT (National Electronic Fund Transfer):** Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost, and process efficiency.
- (b) **Direct Credit:** Investors having their bank account with the Refund Bank, *i.e.* Axis Bank Limited shall be eligible to receive funds, if any, through Direct Credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.
- (c) **RTGS:** Applicants having a bank account at any of the centres as above, and whose Bid amount exceeds Rs. 10 Lacs, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Bid-cum-Application Form. In the event of failure to provide IFSC code in the Bid-cum-Application Form, the refund shall be made through ECS or Direct Credit, if eligibility is disclosed. Charges, if any levied by Refund Bank for the same will be borne by Company. Charges if any, levied by applicant's bank received credit will be borne by applicant.

- (d) For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be dispatched “Under Certificate of Posting” for refund orders of value up to Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

Please note that only applicants having a bank account at any of the 68 centres where clearing houses for ECS are managed by RBI are eligible to receive refunds through the modes detailed in (a), (b) and (c) hereinabove.

The bank account details for ECS, Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the Depositories’ database and hence bidders are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the Depository level are updated and correct.

#### **Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders**

Our Company agrees that as far as possible allotment of securities offered to the public shall be made within 15 days of the closure of the public issue. Our Company further agrees that we shall pay interest at rate of 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the date of closure of the Issue. However, applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest.

#### **Issue Program\***

<b>BID/ISSUE OPENS ON:</b>	<b>APRIL 27, 2010</b>
<b>BID/ISSUE CLOSES ON:</b>	<b>APRIL 29, 2010</b>

\* The Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids shall be accepted until 3.00 p.m., uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE. Bids will only be accepted on working days *i.e.*, Monday to Friday (excluding any public holidays).

**In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at their terminals.**

#### **Undertakings by Our Company**

Our Company undertakes as follows:

- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc;
- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading ‘*Modes of Making Refunds*’ on page no. 284 of this Red Herring Prospectus shall be made available to the Registrar to the issue by the Issuer.



- e) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the closure of the Issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- f) that the refund orders or allotment advice to the successful Bidders shall be despatched within specified time; and
- g) no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription *etc.*
- h) that the certificate of securities/refund order to the NRIs/FIIs shall be dispatched within the specified time.
- i) that promoters' contribution in full, wherever required, shall be brought in advance before the issue opens for public subscription.
- j) that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges as mentioned under the heading '*Listing*' in the section titled '*Other Regulatory and Statutory Disclosures*' beginning on page no. 233 of this Red Herring Prospectus are taken within seven working days of the finalisation and adoption of the Basis of Allotment for this Issue.
- k) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue closing date as the case may be giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- l) that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of Allotment.
- m) In the event our Company withdraws the issue after closure of bidding, the Issuer shall be required to file a fresh Draft Red Herring Prospectus with the Board.

We will provide adequate funds required for dispatch of refund orders / electronic transfer of funds for refunds or allotment advice to the Registrar to the Issue.

Our Company reserves the right not to proceed with the Issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly.

#### **Utilisation of Issue Proceeds**

Our Board of Directors certify that:

- a) all monies received out of the Issue, shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- b) details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- c) details of all unutilised monies out of the Issue, if any shall be disclosed under the an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- d) our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received;
- e) Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.



Pending any use as described above, our Company intends to invest the proceeds of this Issue in high quality, interest / dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by Board of Directors of the Company or a duly authorised committee thereof.

### **Rectification of Register of Members**

The Company, under Section 111A of the Companies Act will have the right to rectify the register of members to comply with the Companies Act.

### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the FIPB and the RBI.

The maximum permissible FII investment in our Company as is 24% of our total paid up capital. This can be raised to 100% by adoption of a Board resolution and special resolution by our shareholders; however, as of the date hereof, no such resolution has been recommended to Board or our shareholders for adoption.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

The transfer of Equity Shares of NRIs, FIIs, and Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the Government of India or RBI while granting such approvals.

### **Subscription by NRIs/ FIIs**

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FIIs applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act, 1933 or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

## SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

### CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Title of Article	Article Number and contents	
Share Capital	3.	The Authorised Share Capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crores Only) divided into 3,99,90,000 (Three Crore Ninety Nine Lacs Ninety Thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 10,000/- (Ten Thousand) 0% Redeemable Preference Shares of Rs. 10/- each with the rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being, with power to increase, consolidated or decreased the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.
Increase of capital by the Company how carried into effect	4.	The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act
New Capital same as existing capital	5.	Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
Non Voting Shares	6.	The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Redeemable Preference Shares	7.	Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Voting rights of preference shares	8.	The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.]
Provisions to apply on issue of Redeemable Preference Shares	9.	On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions-shall take effect:
		<p>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption.</p> <p>(b) No such Shares shall be redeemed unless they are fully paid.</p> <p>(c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the Shares are redeemed.</p> <p>Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue,</p>

		(d) there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.  (e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
Reduction of capital	10.	The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce
		(a) the share capital (b) any capital redemption reserve account; or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.
Purchase of own Shares	11.	The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
Sub-division consolidation and cancellation of Shares	12.	Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

## MODIFICATION OF RIGHTS

Title of Article	Article Number and contents	
Modification of rights	13.	Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall <i>mutatis mutandis</i> apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking <i>pari passu</i> therewith.

## SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents	
Restriction on allotment and return	14.	The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in

Title of Article	Article Number and contents	
of allotment	Section 75 of the Act.	
Further issue of shares	15.	<p>(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then:</p> <p>a) Such further Shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date</p> <p>b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.</p> <p>c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him.</p> <p>d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.</p> <p>Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.</p> <p>(2) If a Special Resolution to that effect is passed by the Company in the General Meeting; or</p> <p>a) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.</p> <p>b) Nothing in sub-clause (c) of clause(1) hereof shall be deemed;</p> <p>To extend the time within which the offer should be accepted; or</p> <p>To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.</p> <p>(3)</p> <p>a) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:</p> <p>b) To convert such debentures or loans into Shares in the Company; or</p> <p>to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise)</p>

Title of Article	Article Number and contents	
	(4)  i)  ii)  a)	<p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term: either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that government in this behalf, and</p> <p>in the case of debentures or loans other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the debentures or the raising of the loans.</p>
Shares under control of Directors	16.	<p>Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.</p>
Power to offer Shares/options to acquire Shares	16A	<p>i) Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.</p> <p>ii) In addition to the powers of the Board under Article 16A (i), the Board may also allot the Shares referred to in Article 16A (i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16A (i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.</p> <p>The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(i) and (ii) above.</p> <p>iii)</p>





Title of Article	Article Number and contents	
	(c)	The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.
Installments of Shares to be duly paid	20.	If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such instalment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.
The Board may issue Shares as fully paid-up	21.	Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.
Acceptance of Shares	22.	Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.
Deposit and call etc., to be debt payable	23.	The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Liability of Members	24.	Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.
Dematerialisation of securities	25	<p><b>A</b></p> <p><b>Definitions</b></p> <p><b>Beneficial Owner</b> “Beneficial Owner” means a person whose name is recorded as such with a Depository.</p> <p><b>SEBI</b> “SEBI” means the Securities and Exchange Board of India.</p> <p><b>Bye-Laws</b> “Bye-Laws” mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;</p> <p><b>Depositories Act</b> “Depositories Act” means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;</p> <p><b>Depository</b> “Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;</p> <p><b>Record</b> “Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;</p> <p><b>Regulations</b> “Regulations” mean the regulations made by SEBI;</p> <p><b>Security</b> “Security” means such security as may be specified by SEBI.</p>
Dematerialisation	B	Either on the Company or on the investor exercising an option to hold his securities with a



Title of Article	Article Number and contents	
of securities		depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.
Options to receive security certificates or hold securities with depository	C	Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.
Securities in depositories to be in fungible form	D	All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
Rights of depositories and beneficial owners	E (1)  (2)  (3)	Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;  Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;  Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.
Depository To Furnish Information	F	Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Service of documents	G	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.
Option to opt out in respect of any security	H	If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Sections 83 and 108 of the Act not to apply	I (1)  (2)	Notwithstanding anything to the contrary contained in the Articles,  Section 83 of the Act shall not apply to the Shares held with a Depository;  Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.
Share certificate	26.  (a)  (b)	Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.  Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.
Limitation of time for issue of certificates	26A	Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or

Title of Article	Article Number and contents	
		<p>more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall e in such form as the directors may prescribe and approve, provided that in respect of a Share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.</p>
Renewal of share certificates	27.	<p>No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.</p> <p>PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.</p>
New certificate to be granted on delivery of the old certificates	28.	<p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act 1956 or any other Act, or rules applicable thereof in this behalf.</p> <p>The provision of this Article shall <i>mutatis mutandis</i> apply to Debentures of the Company.</p>
The first name joint holder deemed sole holder	29.	<p>If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.</p>
Issue of Shares without Voting Rights	30.	<p>In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.</p>
Buy-Back of Shares and Securities	31.	<p>Notwithstanding anything contained in these articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, provision of section 77 and SEBI (Buy back of Shares) Resolution as may be permitted by law.</p>
Employees Stock Options Scheme/ Plan	32.	<p>The Directors shall have the power to offer , issue and allot Equity Shares in or Debentures (Whether fully/ partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as "the Employees") as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or</p>

Title of Article	Article Number and contents	
		proposal that may be formulated , created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.
Sweat Equity	33.	Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.
Postal Ballot	34.	The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.
Company not bound to recognize any interest in Shares other than of registered holder	35.	Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
Trust recognised	36.	<p>(a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.</p> <p>Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.</p> <p>(b)</p>
Declaration by person not holding beneficial interest in any Shares	37.	<p>(1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act</p> <p>(2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act</p> <p>(3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act</p> <p>(4) Notwithstanding anything contained in the Act and Articles 35 and 36 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.</p>

<b>Title of Article</b>	<b>Article Number and contents</b>	
Funds of Company not to be applied in purchase of Shares of the Company	38.	No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

#### UNDERWRITING AND BROKERAGE

<b>Title of Article</b>	<b>Article Number and contents</b>	
Commission may be paid	39.	Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.
Brokerage	40.	The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.
Commission to be included in the annual return	41.	Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

#### INTEREST OUT OF CAPITAL

<b>Title of Article</b>	<b>Article Number and contents</b>	
Interest out of capital	42.	Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

#### DEBENTURES

<b>Title of Article</b>	<b>Article Number and contents</b>	
Debentures with voting rights not to be issued	43.	<p>(a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.</p> <p>(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.</p> <p>(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.</p> <p>(d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.</p> <p>(e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.</p> <p>(f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment</p>

Title of Article	Article Number and contents	
		<p>of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred.</p> <p>The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.</p> <p>The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.</p>
	(g)	
	(h)	

## CALLS

Title of Article	Article Number and contents	
Directors may make calls	44.	<p>(a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.</p> <p>(b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.</p>
Notice of call when to be given	45.	Not less than one month notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.
Call deemed to have been made	46.	A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.
Directors may extend time	47.	The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.
Amount payable at fixed time or by installments to be treated as calls	48.	If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
When interest on call or installment payable	49.	If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.
Evidence in action by	50.	On the trial of hearing of any action or suit brought by the Company against any Member or his

Title of Article	Article Number and contents	
Company against share holder		Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	51.	<p>The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.</p> <p>The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.</p> <p>The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.</p>

#### LIEN

Title of Article	Article Number and contents	
Partial payment not to preclude forfeiture	52.	Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
Company to have lien on Shares/ Debentures	53.	The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares.
As to enforcing lien by sale	54.	<p>The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-</p> <p>(a) Unless a sum in respect of which the lien exists is presently payable; or</p> <p>(b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.</p>



Title of Article		Article Number and contents	
			For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members
		(c)	The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.
Application of proceeds of sale	55.	(a)	The Net Proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and
		(b)	The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

### FORFEITURE OF SHARES

Title of Article		Article Number and contents	
If money payable on Shares not paid notice to be given	56.		If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Sum payable on allotment to be deemed a call	57.		For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
Form of notice	58.		The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
In default of payment Shares to be forfeited	59.		If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
Notice of forfeiture to a Member	60.		When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Shares to be the property of the Company and may be sold etc.	61.		Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owing at the time of forfeiture and interest	62.		Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	63.		The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest



Title of Article	Article Number and contents	
		in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul forfeiture	64.	The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	65	<p>(a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.</p> <p>(b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.</p> <p>(c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.</p> <p>(d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.</p> <p>(e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.</p>
Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum.	66.	The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Cancellation of shares certificates in respect of forfeited Shares	67.	Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
Evidence of forfeiture	68	The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

Title of Article	Article Number and contents	
Validity of sale	69	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Surrender of Shares	70	The Directors may subject to the provisions of the Act, accept surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.

### TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents	
No transfers to minors etc.	71.	No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Form of transfer	72.	The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
Application for transfer	73.	<p>(a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.</p> <p>(b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice</p> <p>(c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.</p>
Execution of transfer	74.	The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
Transfer by legal representatives	75.	A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Register of Members etc when closed	76.	The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
Directors may refuse to register transfer	77.	Subject to the provisions of Section 111A these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power

Title of Article	Article Number and contents	
		of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
Death of one or more joint holders of Shares	78.	In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
Titles of Shares of deceased Member	79.	The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
Notice of application when to be given	80.	Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	81.	Subject to the provisions of the Act and Article 78 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
Refusal to register nominee	82.	Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Person entitled may receive dividend without being registered as a Member	83.	A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
No fees on transfer or transmissions	84.	No fee shall be charged for registration of transfer, transmission Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents.
Transfer to be presented with evidence of title	85.	Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Title of Article	Article Number and contents	
Company not liable for disregard of a notice prohibiting registration of transfer	86.	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

## SHARE WARRANTS

Title of Article	Article Number and contents	
Power to issue share warrants	87.	The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
Deposit of share warrants	88.	<p>(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant</p> <p>(b) Not more than one person shall be recognized as depositor of the Share warrant</p> <p>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor</p>
Privileges and disabilities of the holders of share warrant	89.	<p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.</p>
Issue of new share warrant coupons	90.	The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

## CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents	
Share may be converted into stock	91.	<p>The Company may, by Ordinary Resolution:</p> <p>(a) Convert any fully paid up Share into stock, and reconvert any stock into fully paid-up Shares.</p>
Transfer of stock	92.	The several holders of such stock may transfer there respective interest therein or any part thereof

Title of Article	Article Number and contents	
		in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.
Right of stock holders	93.	The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.
Regulation applicable to stock and share warrant	94.	Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

### BORROWING POWERS

Title of Article	Article Number and contents	
Power to borrow	95.	Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	96.	The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Bonds, Debentures, etc. to be subject to control of Directors	97.	Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Terms of issue of Debentures	98.	Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.
Mortgage of uncalled capital	99.	If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.





Title of Article	Article Number and contents	
	(3)	<p>b) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.</p> <p>The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:</p> <p>A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.</p> <p>In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.</p> <p>a) the case of any other requisition, not let than two weeks before the Meeting, and</p> <p>(i) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.</p> <p>(ii) PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.</p> <p>b) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.</p> <p>(5) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.</p> <p>(6)</p>
<p>Extra-Ordinary General Meeting by Board and by requisition</p> <p>When a Director or any two Members may call an Extra Ordinary General Meeting</p>	105.	<p>a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.</p> <p>b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be</p>



Title of Article	Article Number and contents	
		called by the Directors.
Contents of requisition, and number of requisitionists required and the conduct of Meeting	106. (1)	<p>In case of requisition the following provisions shall have effect:</p> <p>a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.</p> <p>b) The requisition may consist of several documents in like form each signed by one or more requisitionists.</p> <p>c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.</p> <p>d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.</p> <p>e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:</p> <p>By the requisitionists themselves ; or</p> <p>(i) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (I) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.</p> <p>A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:</p> <p>shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but</p> <p>shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.</p> <p>a)</p> <p>b)</p> <p>(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.</p> <p>(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and</p>

Title of Article	Article Number and contents	
		any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
Length of notice of Meeting	107.	<p>(1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.</p> <p>(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:</p> <p>(i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and</p> <p>(ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting. PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.</p>
Contents and manner of service of notice	108.	<p>(1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.</p> <p>(2) Subject to the provisions of the Act notice of every General Meeting shall be given;</p> <p>(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act;</p> <p>(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and</p> <p>to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company</p> <p>(c) PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighbourhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.</p> <p>Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.</p> <p>(3)</p>
Special and ordinary business and explanatory statement	109. (1)	<p>(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to</p> <p>i) the consideration of the accounts, balance sheet the reports of the Board of Directors and</p>

Title of Article	Article Number and contents	
	(2)	<p>Auditors;</p> <p>ii) the declaration of dividend;</p> <p>iii) the appointment of Directors in the place, of those retiring; and</p> <p>iv) the appointment of, and the fixing of the remuneration of the Auditors, and</p> <p>(b) In the case of any other meeting, all business shall be deemed special</p> <p>Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director.</p> <p>PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company.</p> <p>Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.</p>
Omission to give notice not to invalidate proceedings	110.	The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.

## MEETING OF MEMBERS

Title of Article	Article Number and contents	
Notice of business to be given	111.	No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
Quorum	112.	Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.
If quorum not present when Meeting to be dissolved and when to be adjourned	113.	If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.
Resolution passed at adjourned Meeting	114.	Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
Chairman of General Meeting.	115.	At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in

Title of Article	Article Number and contents	
		default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	115.	(A) Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.
Business confined to election of Chairman whilst the Chair is vacant	116.	No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman may adjourn Meeting	117.	<p>(a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place.</p> <p>(b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.</p> <p>(c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting.</p> <p>(d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.</p>
How questions are decided at Meetings	118.	Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
Chairman's declaration of result of voting on show of hands	119.	A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.
Demand of poll	120.	Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
Time of taking poll	121.	A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
Chairman's casting vote	122.	In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
Appointment of scrutineers	123.	Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.
Demand for poll not	124.	The demand for a poll shall not prevent transaction of

Title of Article	Article Number and contents	
to prevent transaction of other business		other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded.
Special notice	125.	Where by any provision contained in the Act or in these Articles, special notice is required for any resolution notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

## VOTES OF MEMBERS

Title of Article	Article Number and contents	
Member paying money in advance not to be entitled to vote in respect thereof	126.	A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.
Restriction on exercise of voting rights of Members who have not paid calls	127.	No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
Number of votes to which Member entitled	128.	Subject to the provisions of Article 126, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.
Votes of Members of unsound mind	129.	A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
Votes of joint Members	130.	If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.
Representation of body corporate	131.	(a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of

Title of Article	Article Number and contents	
		<p>shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above certified by a Director or the Secretary of such body corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat.</p> <p>(b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.</p>
Votes in respects of deceased or insolvent Members	132.	Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.
Voting in person or by proxy	133.	Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.
Rights of Members to use votes differently	134.	On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses
Proxies	135.	Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.
Proxy either for specified meeting or for a period	136.	An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
No proxy to vote on a show of hands	137.	No proxy shall be entitled to vote by a show of hands.
Instrument of proxy when to be deposited	138.	The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.
Form of Proxy	139.	Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.
Validity of votes given by proxy notwithstanding revocation of authority	140.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided



Title of Article	Article Number and contents	
		nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.
Time for objection to vote	141.	No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.
Chairman of any Meeting to be the judge of Validity of any value	142.	The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
Custody of Instrument	143.	If any such instrument of appointment is confined to the object of appointing at attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

## DIRECTORS

Title of Article	Article Number and contents	
Number of Directors	144.	Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.
First Directors	145.	The Present Directors as on 20-04-2007 are:- 1. MR. PURSHOTTAM C. MANDHANA 2. MR. BIHARILAL C. MANDHANA 3. MR. MANISH B. MANDHANA
Debenture Directors	146.	Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.
Nominee Director or Corporation Director	147.	<p>(a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI), ICICI Ltd.(ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation" ) continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.</p> <p>The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share</p>



Title of Article	Article Number and contents	
	<p>(b)</p> <p>(c)</p> <p>(d)</p> <p>(e)</p>	<p>qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.</p> <p>The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall <i>ipso facto</i> vacate such office immediately on the moneys owing by the Company to the Corporation being paid off</p> <p>The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.</p> <p>The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..</p> <p>Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.</p>
Limit on number of retaining Directors	148.	The provisions of Articles 146, 147 and 148 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.
Alternate Director	149.	The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.
Directors may fill in vacancies	150.	The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
Additional Directors	151.	The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so

Title of Article	Article Number and contents	
		appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.
Qualification shares	152.	A Director need not hold any qualification shares.
Directors' sitting fees	153.	The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.
Extra remuneration to Directors for special work	154.	<p>Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided.</p> <p>Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either:</p> <p>i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or</p> <p>ii) by way of commission if the Company by a Special Resolution authorised such payment.</p>
Travelling expenses incurred by Directors on Company's business	155.	The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for travelling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.
Director may act notwithstanding vacancy	156.	The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number, of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.
Board resolution necessary for certain contracts	157.	<p>1) Subject to the provisions of Section 297 of the Act, except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director is a member or director, shall not enter into any contract with the Company.</p> <p>(a) For the sale, purchase or supply of goods, materials or services; or</p> <p>(b) for underwriting the subscription of any Share in or debentures of the Company;</p> <p>(c) nothing contained in clause (a) of sub-clause (1) shall affect:-</p> <p>i) the purchase of goods and materials from the Company, or the sale of goods and materials to the Company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or</p>



Title of Article	Article Number and contents	
		office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.
Disqualification of the Director	161.	<p>1) A person shall not be capable of being appointed Director of the Company if:-</p> <p>a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;</p> <p>b) he is an undischarged insolvent;</p> <p>c) he has applied to be adjudged an insolvent and his application is pending;</p> <p>d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed form the date of expiry of the sentence;</p> <p>e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or</p> <p>f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.</p>
Vacation of office by Directors	162.	<p>1) The office of Director shall become vacant if:-</p> <p>a) he is found to be of unsound mind by a Court of competent jurisdiction; or</p> <p>b) he applies to be adjudged an insolvent; or</p> <p>c) he is adjudged an insolvent; or</p> <p>d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or</p> <p>e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or</p> <p>f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or</p> <p>g) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or</p> <p>h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or</p> <p>i) he becomes disqualified by an order of the Court under Section 203 of the Act; or</p> <p>he is removed by an Ordinary Resolution of the Company before the expiry of his</p>

Title of Article	Article Number and contents	
	j) k) l)	<p>period of notice; or</p> <p>if by notice in writing to the Company, he resigns his office, or</p> <p>having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.</p>
Vacation of office by Directors (contd.)	163.	<p>1) Notwithstanding anything contained in sub-clauses (c), (d) and (i) of sub clause (2) hereof, the disqualification referred to in these clauses shall not take effect:</p> <p>a) for thirty days from the date of the adjudication, sentence or order;</p> <p>b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.</p>
Removal of Directors	164.	<p>a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.</p> <p>b) Special Notice as provided by these Articles or Section 190 of the Act, shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.</p> <p>c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.</p> <p>d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:</p> <p>(i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and</p> <p>(ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent (before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.</p> <p>e) A vacancy created by the removal of the Director under this Article may, if he</p>

Title of Article	Article Number and contents	
		<p>had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 153 or Section 262 of the Act be filled by the appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under sub clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.</p> <p>f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 153 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly</p> <p>g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.</p> <p>h) Nothing contained in this Article shall be taken:-</p> <p>(i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director, or</p> <p>(ii) as derogating from any power to remove a Director which may exist apart from this Article.</p>
Interested Directors not to participate or vote in Board's proceedings	165.	<p>No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-</p> <p>a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;</p> <p>b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;</p> <p>in his being:</p> <p>(i) a director of such company; and</p> <p>a) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or</p> <p>b) in his being a member holding not more than two percent of its paid-up share capital.</p> <p>(ii)</p>
Director may be director of companies promoted by the Company	166.	A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.
Appointment of Sole	167.	a) The appointment, re-appointment and extension of the term of a sole selling agent, shall be



Title of Article	Article Number and contents	
Selling Agents		<p>regulated in accordance with the provisions of Section 294 of the Act and any Rules or Notifications issued by the competent authority in accordance with that Section and the Directors and/or the Company in General Meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such rules or notifications, if any, as may be applicable.</p> <p>The payment of any compensation to a sole selling agent shall be subject to the provisions of Section 294A of the Act.</p>
	b)	

#### ROTATION AND APPOINTMENT OF DIRECTORS

Title of Article	Article Number and contents	
Rotation of Directors	168.	Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.
Retirement of Directors	169.	Subject to the provisions of Articles 148 and 150, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.
Retiring Directors	170.	Subject to the provisions of Section 256 of the Act and Articles 146 to 153, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 184, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.
Appointment of Technical or Executive Directors	171.	<p>a) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors.</p> <p>b) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.</p>
Ascertainment of Directors retiring by rotation and filling of vacancies	172.	Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 174 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.
Eligibility for re-election	173.	A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the Meeting at which he retires.
Company to fill vacancies	174.	Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.
Provision in default of appointment	175.	<p>a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.</p> <p>b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless:</p>



Title of Article	Article Number and contents	
		<p>at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost.</p> <p>(i) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed.</p> <p>(ii) he is not qualified or is disqualified for appointment</p> <p>(iii) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or</p> <p>(iv) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.</p> <p>(v)</p>
Company may increase or reduce the number of Directors or remove any Director	176.	Subject to the provisions of Section 252,255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.
Appointment of Directors to be voted individually	177.	<p>a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it.</p> <p>b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply.</p> <p>For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.</p> <p>c)</p>
Notice of candidature for office of Directors except in certain cases	178.	<p>1) No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has given at least fourteen days notice in writing under his hand signifying his candidature for the office of a Director or the intention of such person to propose him as Director for that office as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such Member, if the person succeeds in getting elected as a Director.</p> <p>2) The Company shall inform its Members of the candidature of the person for the office of Director or the intention, of a Member to propose such person as candidate for that office by serving individual notices on the Members not less than seven days before the Meeting provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place.</p> <p>3) Every person (other than Director retiring by rotation or otherwise or person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.</p>

Title of Article	Article Number and contents	
		<p>A person other than:-</p> <p>4) (a) a Director appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 252 of the Act, appointed as a Director re-appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director.</p>
Disclosure by Directors of their holdings of their Shares and debentures of the Company	179.	Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the next meeting of the Board after it is given.
Votes of Body Corporate	180.	A body corporate, whether a company within the meaning of the Act or not, which is a member of the Company, may by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company and the persons so authorized shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise as if it were an individual member of the company and the production of a copy of the Minutes of such resolution certified by a director or the copy of the Minutes of such resolution certified by a Director or the or the Secretary of such body corporate as being a true copy of the Minutes of such resolution shall be accepted as sufficient evidence of the validity of the said representative's appointment and of his right to vote.

## MANAGING DIRECTOR

Title of Article	Article Number and contents	
Powers to appoint Managing Director	181.	<p>Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Wholtime Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p> <p>a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.</p> <p>b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.</p>
Remuneration of Managing Director	182.	Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.
Special position of Managing Director	183.	Subject to any contract between him and the Company, a Managing or Wholtime Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, <i>ipso facto</i> and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.
Powers of Managing	184.	The Director may from time to time entrust to and confer upon a Managing Director or Wholtime

Title of Article	Article Number and contents	
Director		Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.
	185.	The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.
	186.	Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.
	187.	The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
	188.	Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.
Appointment and powers of Manager	188A	The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

## WHOLE TIME DIRECTOR

Title of Article	Article Number and contents	
Power to appoint Whole Time Director and/or Whole-time Directors	189.	Subject to the provisions of the Act and of these Articles, the Board may from time to time with such sanction of the Central Government as may be required by law appoint one or more of its Director/s or other person/s as Whole-Time Director or Whole-Time Directors of the Company out of the Directors/ persons nominated under Article only either for a fixed term that the Board may determine or permanently for life time upon such terms and conditions as the Board may determine or permanently for life time upon such terms and conditions as the Board thinks fit. The Board may by ordinary resolution and / or an agreement/s vest in such Whole-Time Director or Whole Time Directors such of the powers authorities and functions hereby vested in the Board generally as it thinks fit and such powers may be made exercisable and for such period of periods and upon such conditions and subject to such restrictions as it may be determined or specified by the Board and the Board has the powers to revoke, withdraw, alter or vary all or any of such powers and / or remove or dismiss him or them and appoint another or others in his or their place or places again out of the Directors / persons nominated under Article 192 only. The Whole Time Director or Whole Time Directors will be entitled for remuneration as may be fixed and determined by the Board from time to time either by way of ordinary resolution or a Court act/s or an agreement/s under such terms not expressly prohibited by the Act.
To what provisions Whole time Directors shall subject	190.	Subject to the provisions of Section 255 of the Act and these Articles, a Whole Time Director or Whole Time Director shall not, while he/they continue to hold that office, be liable to retirement by rotation but (subject to the provisions of any contract between him/they and the Company) he/ they shall be subject to the same provision as to resignation and removal as the other Directors, and

		he/they shall ipso facto and immediately ceases or otherwise under the sees to hold the office of Director/s for any reason whatsoever save that if he/they shall vacate office whether by retirement, by rotation or otherwise under the provisions of the Act any Annual General Meeting and shall be re-appointed as a Director of Directors at the same meeting he/they shall not by reason only of such vacation, cease to be a Whole Time Director or Whole Time Directors.
Seniority of Whole Time Director and Managing Director	191.	If at any time the total number of Managing Directors and Whole Time Directors is more than one-third who shall retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Whole Time Directors and Managing Directors shall be determined by the date of their respective appointments as Whole Time Directors and Managing Directors of the Company

## PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents	
Meeting of Directors	192.	The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the provisions of Section 285 of the Act allow otherwise, Directors shall so meet at least once in every three months and atleast four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.
Quorum	193.	<p>Subject to Section 287 of the Act the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one third being rounded off as one) or two Directors whichever is higher. PROVIDED that where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the Total Strength, the number of the remaining Directors that is to say, the number of remaining who are not interested) present at the Meeting being not less than two shall be the quorum during such time.</p> <p>for the purpose of clause(a)</p> <p>b)</p> <p>(i) "Total Strength" means total strength of the Board of Directors of the Company determined in pursuance of the Act after deducting there from number of the Directors if any, whose places may be vacant at the time, and</p> <p>(ii) "Interested Directors" means any Directors whose presence cannot by reason of any provisions in the Act count for the purpose of forming a quorum at a meeting of the Board at the time of the discussion or vote on any matter.</p>
Procedure when Meeting adjourned for want of quorum	194.	If a meeting of the Board could not be held for want of quorum then, the Meeting shall automatically stand, adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.
Chairman of Meeting	195.	The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors, provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, meeting of the Director shall choose one of their members to be Chairman of such Meeting.
Question at Board meeting how decided	196.	Subject to the provisions of Section 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.
Powers of Board meeting	197.	A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.
Directors may	198.	The Board of Directors may subject to the provisions of Section 292 and other relevant provisions

Title of Article	Article Number and contents	
appoint Committee		of the Act, and of these Articles delegate any of the powers other than the powers to make calls and to issue debentures to such Committee or Committees and may from time to time revoke and discharge any such Committee of the Board, either wholly or in part and either as to the persons or purposes, but every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation(s) that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.
Meeting of the Committee how to be governed	199.	The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding article. Quorum for the Committee meetings shall be two.
Circular resolution	200.	<p>a) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 201 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of Directors or of a Committee duly called and held.</p> <p>b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with necessary papers if any to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee, as are then in India, or by a majority of such of them as are entitled to vote on the resolution.</p>
Acts of Board or Committee valid notwithstanding defect in appointment	201.	All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

## POWERS OF THE BOARD

Title of Article	Article Number and contents	
General powers of management vested in the Board of Directors	202.	<p>The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.</p> <p>Provided that the Board shall not, except with the consent of the Company in General Meeting :-</p> <p>a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;</p>

Title of Article	Article Number and contents	
		<p>remit, or give time for the repayment of, any debt due by a Director,</p> <p>b) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;</p> <p>c) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;</p> <p>d) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;</p> <p>e) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e)</p> <p>(i) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.</p> <p>(ii)</p>
Certain powers to be exercised by the Board only at Meetings	203.	<p>1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;</p> <p>a) the power to make calls, on shareholders in respect of money unpaid on their Shares,</p> <p>b) the power to issue Debentures,</p> <p>(c) the power to borrow moneys otherwise than on Debentures,</p> <p>c) the power to invest the funds of the Company, and</p> <p>d) the power to make loans</p> <p>e) Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:</p> <p>Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.</p> <p>2)</p>



Title of Article	Article Number and contents	
	3)	Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.
	4)	Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.
Certain powers of the Board	204.	<p>Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:</p> <ol style="list-style-type: none"> <li>1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.</li> <li>2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.</li> <li>3) Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</li> <li>4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.</li> <li>5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.</li> <li>6) To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.</li> <li>7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.</li> <li>8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.</li> </ol>



Title of Article	Article Number and contents	
	9)	To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.
	10)	To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
	11)	Subject to the provisions of Sections 291, 292, 295, 370,372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
	12)	To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon
	13)	To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
	14)	To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.
	15)	To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.
	16)	Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company

Title of Article	Article Number and contents	
		<p>and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.</p> <p>17) To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.</p> <p>18) To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.</p> <p>19) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.</p> <p>20) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.</p> <p>21) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the</p>

Title of Article	Article Number and contents	
		<p>Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them</p> <p>22) Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p> <p>23) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.</p> <p>24) To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.</p> <p>25) To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p> <p>26) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.</p> <p>27) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>28) To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>29) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be</p>

Title of Article		Article Number and contents	
		30)	<p>thought necessary or expedient.</p> <p>To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.</p> <p>To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p> <p>To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.</p> <p>Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.</p> <p>To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p>

### **MANAGEMENT**

Title of Article		Article Number and contents	
Prohibition of simultaneous appointment of different categories of managerial personnel	of	205.	<p>The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely :-</p> <p>a) Managing Director and</p> <p>b) Manager.</p>

## MINUTES

Title of Article	Article Number and contents		
Minutes to be made	206.	1)  2)  (a)  (b)	<p>The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.</p> <p>Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed:</p> <p>in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.</p> <p>in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.</p>
Minutes to be evidence of the proceeds  Books of minutes of General Meeting to be kept	207.	a)  b)	<p>The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or every Committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.</p> <p>The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open to the inspection of any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section.</p>
Presumptions	208.		<p>Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.</p>

## THE SECRETARY

Title of Article	Article Number and contents		
Secretary	209.		<p>The Directors may from time to time appoint, and at their discretion, remove any individual, (hereinafter called “the Secretary”) to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Secretary’s Qualification) Rules 1975.</p>
The Seal, its custody and use	210.	a)  b)  c)	<p><b>Seal</b></p> <p>The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.</p> <p><b>Common Seal for use outside India</b></p> <p>The Board may for the purpose of use of the Common Seal outside India, cause a facsimile of the Common Seal to be made and authorize the use of it in the manner provided under Section 50 of the Companies Act, 1956</p> <p><b>Safe Custody of Seal</b></p> <p>The Common Seal shall be in the safe custody of the Director or the Secretary for the time</p>

Title of Article	Article Number and contents	
		<p>being of the Company.</p> <p>d) <b>Affixing of Seal on deeds and instruments'</b></p> <p>On every deed or instrument on which the Common Seal of the Company is required to be affixed, the Seal be affixed in the presence of a Director or a Secretary or any other person or persons Authorised in this behalf by the Board, who shall sign every such deed or instrument to which the Seal shall be affixed.</p> <p><b>Affixing of Seal on Share Certificates</b></p> <p>e)</p> <p>Notwithstanding anything contained in Clause (d) above, the Seal on Share Certificates shall be affixed in the presence of such persons as are Authorised from time to time to sign the Share Certificates in accordance with the provisions of the Companies (Issue of Share Certificates) Rules in force for the time being.</p> <p><b>Removal of Common Seal outside the office premises</b></p> <p>f)</p> <p>The Board may authorize any person or persons to carry the Common Seal to any place outside the Registered Office inside or outside for affixture and for return to safe custody to the Registered Office.</p>

#### DIVIDENDS AND CAPITALISATION OF RESERVES

Title of Article	Article Number and contents	
Division of profits	211.	<p>a)</p> <p>Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares.</p> <p>b)</p> <p>No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.</p>
The Company at General Meeting may declare dividend	212.	The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.
Dividends out of profits only	213.	No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.
Interim dividend	214.	The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	215.	<p>a)</p> <p>The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.</p> <p>b)</p> <p>The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.</p>
Capital paid-up in advance as interest not	216.	Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in

Title of Article	Article Number and contents	
to earn dividend		profits.
Dividends in proportion to amounts paid-up	217.	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	218.	No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
Effect of transfer of Shares	219.	A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	220.	Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	221.	The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	222.	Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	223.	The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within time required by law.	224.	<p>The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-</p> <ul style="list-style-type: none"> <li>a) where the dividend could not be paid by reason of the operation on any law; or</li> <li>b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or</li> <li>c) where there is dispute regarding the right to receive the dividend; or</li> <li>d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or</li> <li>e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.</li> </ul>
Unclaimed dividend	225.	Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days,



Title of Article	Article Number and contents	
		<p>transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called “Unpaid Dividend Account”.</p> <p>Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.</p> <p>No unclaimed or unpaid dividend shall be forfeited by the Board.</p>
Set-off of calls against dividends	226.	Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.
Dividends in cash	227.	No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.
Capitalisation	228.	<p>1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and</p> <p><b>that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.</b></p> <p>b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;</p> <p>2) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or</p> <p>a) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or</p> <p>b) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)</p> <p>c) A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.</p> <p>3)</p>
Board to give effect	229.	The Board shall give effect to the resolution passed by the Company in pursuance of above Article.
Fractional certificates	230.	<p>1) Whenever such a resolution as aforesaid shall have been passed, the Board shall; make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and Generally do all acts and things required to give effect thereto.</p> <p>2) The Board shall have full power to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares</p>

Title of Article	Article Number and contents	
		<p>becoming distributable in fractions, also to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.</p> <p>Any agreement made under such authority shall be effective and binding on all such Members.</p> <p>3) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.</p> <p>4)</p>

## ACCOUNTS

Title of Article	Article Number and Contents	
Books to be kept	231.	<p>1) The Company shall keep at its Registered Office proper books of account as would give a true and fair view of the state of affairs of the Company or its transactions with respect to:</p> <p>a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place</p> <p>b) all sales and purchases of goods by the Company</p> <p>c) the assets and liabilities of the Company and</p> <p>d) if so required by the Central Government, such particulars relating to utilisation of material or labour or to other items of cost as may be prescribed by the Government Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.</p> <p>2) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transaction effected at the branch are kept at that office and proper summarised returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company at its Registered Office or the other place referred to in sub-clause (1). The books of accounts and other books and papers shall be open to inspection by any Director during business hours.</p>
Inspection by Members	232.	No Members (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.
Statements of accounts to be furnished to General Meeting	233.	The Board of Directors shall from time to time in accordance with Sections 210,211,212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.
Right of Members or others to copies of	234.	1) The Company shall comply with the requirements of Section 219 of the Act.

balance sheet and Auditors' report and statement under Section 219		2)	<p>The copies of every balance sheet including the Profit &amp; Loss Account, the Auditors' Report and every other document required to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the Annual General Meeting.</p> <p>A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit will be sent to every Member of the Company and to every trustee of the holders of any Debentures issued by the Company not less than 21 days before the date of the Meeting.</p>
Accounts to be audited	235.		Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.
Appointment of Auditors	236.	1)	Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act.
		2)	The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.
		3)	<p>At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless:</p> <p>he is not qualified for re-appointment;</p> <p>he has given to the Company notice in writing of his unwillingness to be re-appointed;</p> <p>a resolution has been passed at that Meeting appointing some body instead of him or providing expressly that he shall not be re-appointed; or</p> <p>where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with.</p>
		4)	Where at any Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.
		5)	The Company shall within seven days of the central government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government.
		6)	The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of art Auditor, the vacancy shall only be filled by the Company in General Meeting.
		7)	A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to retiring Auditor and shall give notice thereof, to the Members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.
Accounts when audited and approved to be conclusive except as to errors	237.		Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the

discovered within 3 months		Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.
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## DOCUMENTS AND NOTICES

Title of Article	Article Number and Contents	
o whom documents must be served or given	238.	Document or notice of every Meeting shall be served or given on or to (a) every Member (b) every person entitled to a Share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company, PROVIDED that when the notice of the Meeting is given by advertising the same in newspaper circulating in the neighbourhood of the office of the Company under Article 109, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.
Members bound by documents or notices served on or given to previous holders	239.	Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which prior to his name and address being entered in the Register of Members shall have been duly served on or given to the person from whom he derived, his title to such Share.
Service of documents on the Company	240.	A document may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office.
Authentication of documents and proceedings	241.	Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by a Director, the Managing Director, or the Secretary or other authorised officer of the Company and need not be under the Seal of the Company.

## REGISTERS AND DOCUMENTS

Title of Article	Article Number and Contents	
Registers and documents to be maintained by the Company	242.	<p>The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:</p> <p>a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act</p> <p>b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.</p> <p>c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act.</p>

Title of Article		Article Number and Contents	
		d)	Foreign register, if so thought fit, as required by Section 157 of the Act
		e)	Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act.
		f)	Register of Directors and Secretaries etc. as required by Section 303 of the Act.
		g)	Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.
		h)	Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.
		i)	Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.
		j)	Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.
Inspection of Registers	243.		The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

## WINDING UP

Title of Article		Article Number and Contents	
Distribution of assets	244.		If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
Distribution in specie or kind	245.	a)	If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.
		b)	If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any

Title of Article	Article Number and Contents	
		<p>division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.</p> <p>In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the Net Proceeds and the Liquidator shall, if practicable act accordingly.</p>
Right of shareholders in case of sale	246.	A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.
Directors and others right to indemnity	247.	Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
Director, officer not responsible for acts of others	248.	Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

#### SECURITY CLAUSE

Title of Article	Article Number and Contents	
Secrecy Clause	249.	Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
No Member to enter the premises of the Company without	250.	No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any

permission		matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.
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## SECTION X – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

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The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus have been delivered to the Registrar of Companies, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at Plot number C-3, MIDC, Tarapur Industrial Area, Boisar, Thane-401 506, Maharashtra, India. from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of this Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

#### Material Contracts for Inspection

1. Memorandum of Understanding dated September 24, 2009 between our Company and BRLMs to this Issue.
2. Memorandum of Understanding dated August 30, 2007 between our Company and Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) as Registrar.
3. Escrow agreement dated [●] between us, the BRLMs, Escrow Collection Banks, and the Registrar to the Issue
4. Syndicate agreement dated [●] between us, the BRLMs and the Syndicate Members.
5. Underwriting agreement dated [●] between us, the BRLMs and the Syndicate Members.

#### Material Documents for Inspection

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of our Company dated July 25, 1984.
3. Extraordinary General Meeting resolution dated August 04, 2009 and the resolution of the Board dated July 24, 2009 authorising the Issue.
4. Reports of the Independent Auditors, Ashra & Company, Chartered Accountants, dated April 07, 2010 regarding restated financials of the Company for the years ended March 31 2005, 2006, 2007, 2008 and 2009 and nine month period ended December 31, 2009.
5. Copies of the annual reports of our Company for the years ended March 31 2005, 2006, 2007, 2008 and 2009 and the audited financials for the nine month period ended December 31, 2009 from Statutory Auditors of our Company, Vishal H. Shah & Associates, Chartered Accountants.
6. Audited Financials for the financial year ended March 31, 2009 and for the nine month period ended December 31, 2009 by Ashra & Company, Chartered Accountants
7. Statement of Tax Benefits report dated March 23, 2010 issued by Vishal H. Shah & Associates, Chartered Accountants.
8. Consents of Statutory Auditors, Independent Auditors, Bankers to the Company, BRLMs, Legal Advisors to this Issue, Directors, Company Secretary, Registrar to this Issue, Escrow Collection Banks, Compliance Officer as referred to, in their respective capacities.
9. In-principle listing approvals dated November 05, 2009 and November 30, 2009 from BSE and NSE.
10. Tripartite agreement between the NSDL, our Company and the Registrar dated February 06, 2008.
11. Tripartite agreement between the CDSL, our Company and the Registrar dated February 05, 2008.

12. Due diligence Certificate dated September 25, 2009 to SEBI from BRLMs.
13. Consent of the IPO Grading Agency for inclusion of their report dated November 17, 2009 and revalidation letter dated March 18, 2010 in the form and context in which they appears in this Red Herring Prospectus and the Prospectus.
14. Sanction letter No. CBM/AMT 4/1212 dated March 30, 2007 issued by State Bank of Patiala sanctioning term loan of Rs. 4,125 Lacs.
15. Sanction letter No. AXISB/CO/CR/MR/2009-10/12472 dated September 14, 2009 issued by Axis Bank (Lead Bank) sanctioning term loan Rs. 20,250 Lacs(includes loans from Bank of Baroda, Punjab National Bank, State Bank of Saurashtra, Indian Bank )
16. Securities Trustees Agreement dated October 30, 2007 Axis Bank Limited (as a Security Lender), Axis Bank Limited (as a Security Trustee) and our Company.
17. Term Loan Agreement dated October 25, 2007 between our Company and UTI Bank Limited (now Axis Bank Limited).
18. Sanction Letter bearing no. CFSBAL/ADV/6/256 dated August 22, 2008 issued by Bank of Baroda sanctioning term loan Rs. 8000.00 lacs
19. Term Loan Agreement dated September 08, 2008 between our Company and Bank of Baroda.
20. Sanction Letter dated January 11, 2008 issued by Punjab National Bank sanctioning a term loan of Rs. 7,500 lacs.
21. Term Loan Agreement dated March 15, 2008 between our Company and Punjab National Bank.
22. Sanction Letter bearing no. BL/637 dated December 24, 2007 issued by State Bank of Saurashtra sanctioning a term loan of Rs. 5,000 lacs.
23. Agreement for loan dated March 15, 2008 between our Company and State Bank of Saurashtra.
24. Sanction Letter bearing no. Mandhana/Fresh/2007-08 dated December 14, 2007 issued by Indian Bank sanctioning a term loan of Rs. 2,000 lacs
25. Medium Term Loan Agreement dated March 15, 2008 between our Company and Indian Bank.
26. Board resolutions setting out the present term of employment of our Directors, Mr Biharilal Mandhana, Mr Purushottam Mandhana and Mr. Manish Mandhana.
27. Share Subscription Agreement dated September 14, 2009 between Axis Bank Limited, our Company and Mr. Purushottam Mandhana, Mr. Biharilal Mandhana, Mr. Manish Mandhana, Mr. Priyavarat Mandhana, Purushottam Mandhana (HUF).
28. Supplemental Agreement dated April 06, 2010 entered between our Promoters, our Company and Axis Bank amending the Share Subscription Agreement dated September 14, 2009.
29. Agreement dated April 01, 2010 between our Company and Mr. Biharilal Mandhana re-appointing him as Whole Time Director of the Company for a period of 3 years from April 1, 2010 to March 31, 2013 and stating his remuneration and other perquisites.
30. Agreement dated April 01, 2010 between our Company and Mr. Purushottam Mandhana re-appointing him as Managing Director of the Company for a period of 3 years from April 1, 2010 to March 31, 2013 and stating his remuneration and other perquisites.
31. Agreement dated April 01, 2010 between our Company and Mr. Manish Mandhana re-appointing him as Joint Managing Director of the Company for a period of 3 years from April 1, 2010 to March 31, 2013 and stating his remuneration and other perquisites.

32. SEBI Observation letter no. CFD/DIL/ISSUES/SP/JAK/198377/2010 dated March 12, 2010

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in this Red Herring Prospectus are true and correct.

### SIGNED BY ALL THE DIRECTORS OF MANDHANA INDUSTRIES LIMITED

Sr. No.	Name of Director	Designation	Signature
1.	Mr. Purushottam Mandhana	Chairman-cum-Managing Director	Sd/-
2.	Mr. Manish Mandhana	Executive Joint Managing Director	Sd/-
3.	Mr. Biharilal Mandhana	Executive Director	Sd/-
4.	Mr. Sanjay Asher	Non Executive Director	Sd/-
5.	Mr. Ghyanendra Nath Bajpai	Independent Director	Sd/-
6.	Mr. Ernst Robin Cornelius	Independent Director	Sd/-
7.	Mr. Khurshed Thanawala	Independent Director	Sd/-
8.	Mr. Ajay Joshi	Independent Director	Sd/-

### SIGNED BY THE MANAGING DIRECTOR

Mr. Purushottam Mandhana

Sd/-

### SIGNED BY THE HEAD OF FINANCE (CHAIRMAN AND MANAGING DIRECTOR)

Mr. Purushottam Mandhana

Sd/-

### SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Vinay Sampat

Sd/-

**Place:** Mumbai

**Date:** April 16, 2010

## **APPENDIX A – IPO GRADING REPORT**

## Mandhana Industries Limited

### CRISIL IPO Grade 3/5 (Average)

November 17, 2009

#### ***IPO Grade***

**CRISIL IPO Grade '3/5':** CRISIL Research has reaffirmed CRISIL IPO Grade '3/5' for the proposed initial public offering of Mandhana Industries Ltd. (CRISIL Research has undertaken a fresh grading exercise for MIL as the grading assigned to the company on Sept 29, 2008 had expired.) The grade indicates that the fundamentals of the issue are average relative to other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals

#### ***Issue Details***

<b>Shares offered to public</b>	83,00,000
<b>As per cent of post issue equity</b>	25.06%
<b>Object of the Issue</b>	Funding for capital expenditure
<b>Amount proposed to be raised</b>	Rs 1,250 million (approximate)
<b>Price Band</b>	Not available at the time of grading
<b>Lead managers</b>	Edelweiss Capital Ltd Axis Bank Ltd

#### ***Company Background***

Mandhana Industries Ltd (MIL) was incorporated as Mandhana Textile Mills Pvt Ltd in 1984. The company, promoted by Mr Purshottam Mandhana, Mr Biharilal Mandhana and Mr Manish Mandhana, is based out of Mumbai. It produces fabrics for the domestic market and garments largely for exports. It has fabric weaving capacity of 18 million m and fabric processing capacity of 20.4 million m, at its plants in Tarapur. The company has garmenting (casual wear tops for men and women) capacity of 3.6 million pieces.

<b><i>Media Contact:</i></b>	<b><i>Analytical Contacts:</i></b>	<b><i>Client- servicing Contact:</i></b>
Mitu Samar Head, Market Development & Communications CRISIL Limited Phone: +91-22-66441838 Mobile: +91-9820061934 Fax: +91-22-66441810/1830 Email: <a href="mailto:msamar@crisil.com">msamar@crisil.com</a>	Chetan Majithia Head, Equities  CRISIL Limited Phone: +91-22-6644 4148 Mobile: +91-97692 00201 Fax: +91-22-67026954 Email: <a href="mailto:chetanmajithia@crisil.com">chetanmajithia@crisil.com</a>	Client servicing Tel: +91-22-6691 3561 Email: <a href="mailto:clientservicing@crisil.com">clientservicing@crisil.com</a>

(One-time assessment)

<b>Grading Highlights</b>
<p><b>Business Prospects</b></p> <ul style="list-style-type: none"> <li>➤ Ability to churn out new designs, for fabrics as well as garments, gives it a distinct advantage over its competitors. Caters to top clients such as Armani, OXBOW, Pepe Jeans, FCUK etc</li> <li>➤ MIL is focused on differentiated products with higher realisations.</li> <li>➤ Shift in product mix towards the higher margin garment segment.</li> <li>➤ Favorable government policies towards the industry.</li> <li>➤ Vendor consolidation happening in view of high degree of competition from many large and small players.</li> <li>➤ Business model focused on niche market is difficult to scale up.</li> </ul>
<p><b>Financial Performance</b></p> <ul style="list-style-type: none"> <li>➤ Healthy revenue growth at a CAGR of 35 per cent driven by increased weaving, dyeing and garmenting capacities over the past 3 years.</li> <li>➤ Finished fabrics sales, in which the company purchases finished fabric then either processes it or out sources value addition operations like embroidery and printing external parties, forms close to 67 per cent of the company's sales as on 2008-09. The EBITDA margin in fabric business improved from 10.03 per cent in 2005-06 to 16.02 per cent in 2008-09. Garments business accounted for ~ 37 per cent of sales in 2008-09. Garments business has also witnessed EBITDA margin expansion from 10.27 per cent in 2005-06 to 25.01 per cent in 2008-09.</li> <li>➤ In spite of the Indian textile industry going through a downturn, the company's exports witnessed a healthy CAGR of 31.0 per cent from Rs 6,051 Mn in 2005-06 to Rs 13,611 Mn in 2008-09.</li> <li>➤ High inventory levels for finished goods (at 68 days as on 2008-09) as well as raw materials (at 36 days as on 2008-09) increases the working capital requirements of the company.</li> </ul>
<p><b>Management Capabilities</b></p> <ul style="list-style-type: none"> <li>➤ The promoters, Mr.Purushottam Mandhana and Mr. Manish Mandhana, possess experience and understanding of fabric as well as garment business</li> <li>➤ Well structured and long-standing management team.</li> </ul>
<p><b>Corporate Governance</b></p> <ul style="list-style-type: none"> <li>➤ MIL corporate governance meets the required corporate governance standards.</li> </ul>



### Detailed Grading Rationale

#### Overall Grading Summary (CRISIL IPO Grade 3/5)

To arrive at the overall grade, CRISIL has considered the following parameters:

- Business prospects and financial performance
- Management capability
- Corporate governance

CRISIL has reaffirmed CRISIL IPO Grade '3/5' (pronounced 'three on five') to the proposed Initial Public Offer of Mandhana Industries Limited. (CRISIL Research has undertaken a fresh grading exercise for MIL as the grading assigned to the company on Sept 29, 2008 had expired.) The grade indicates that the fundamentals of the issue are average relative to other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The offer price for the issue may be higher or lower than the level justified by its fundamentals. The grade is not a recommendation to buy / sell or hold the graded instrument, the graded instrument's future market price or its suitability for a particular investor.

The grading reflects the company's design oriented operations in niche segments of both fabrics and garments business. The company's Europe based design-focused client profile has helped it to sustain volumes and margins in a period of turmoil for Indian garment exporters. MIL's ability to create a shelf of fabric and garment designs gives it an edge while dealing with its design-focused client profile in the casual wear segment.

However, the company faces a high degree of competition from many large and small players in the domestic and international markets. The grading also reflects the management's capability to consistently perform in adverse business conditions.

➤ **Ability to generate new designs gives it a distinct advantage over competition**

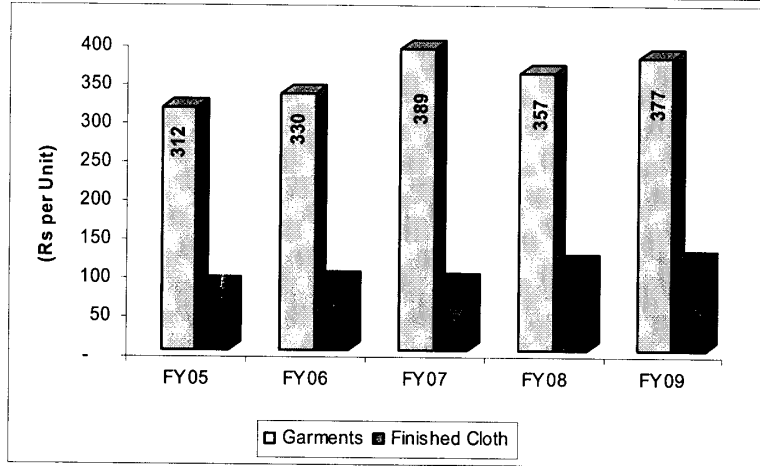
The company has a team of 14 designers for garments for generation of new designs. Close to 1,200 designs are generated in a year, which are achieved in the design studio. The client has the option to select styles from the new designs or from the archive of designs in the design studio. Also, the design staff can modify styles to suit customer requirements. MIL also possesses an extensive sampling unit where designers have options to mix and match fabrics, designs, finishes and embellishments, exercising their creative freedom. The company has seven designers on the fabric side, designing fabrics with differentiated texture, finishes, designs, jacquards and embroideries.

➤ **Focus on high end products with better realisations**

MIL is focused on manufacturing value added products in garments as well as fabrics, providing the company with superior realisations. For garments, MIL is focused largely on men's informal wear for big brands in Europe, namely Simint Spa (Armani), OXBOW, Pepe Jeans, FCUK, Promod, Teddy Smith and Rip Curl. The company provides design inputs in addition to manufacturing garments for these brands. These brands order small lots of each style with higher realisation per garment. The average realisation per piece has increased steadily for the company from Rs. 282 in 2003-04 to Rs. 377 in 2008-09

On the fabrics side, the company sells fabrics with different textures and finishes that go into production of premium quality shirting. Some of the fabric clients include exporters of garments and large players like Bombay Rayon Fashions Ltd, Aditya Birla Nuvo, Wrangler and Pantaloon.

**Trends in Realisation per unit for Garments and Finished Cloth**



Source: DRHP

> **Business model of the company is difficult to scale up**

The business model is focused on low volume and high value products, which provide higher margins. As the scale of operations increases with capacity expansion, the company will need to sell higher volumes. The company will have the ability to sustain margins given new design based garment business model.

> **Favorable government policies**

The fabric and garments sector is one of the largest employment generators for the country. Hence, the government policies are favorable towards the sector. The company enjoys interest rate subsidy under the TUFSS scheme as well as duty drawback benefit for its exports.

> **Well-structured management team, especially for managing clients**

The company has a well-structured management team in place for each function. Each function has a head who manages a qualified second line of management with clearly defined roles and responsibilities. The company has well-structured team for managing key clients comprising of 25 merchandisers who are responsible for timely delivery of garments and expanding business from existing customers. This merchandising team aids in understanding and meeting customer expectations, at the same time provides increased business from each client.

> **High degree of competition from many large and small players**

The degree of competition is very high on both, fabrics as well as garments side, with many small and large players. Margin expansion is extremely difficult in an industry with a large number of players. The company will have to continuously innovate producing new designs and focus on improving the operational efficiency through technological improvements in order to maintain margins. However, of late the industry has witnessed vendor consolidation in the industry which benefited players integrated players like MIL.

### Financial Profile

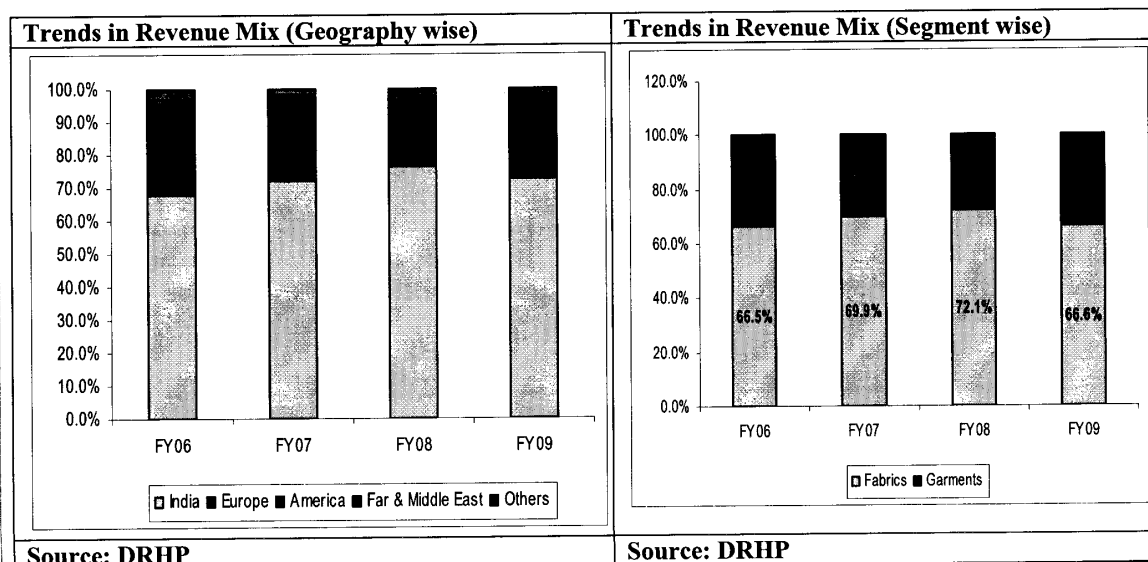
- > The company's revenues grew at a 3-year CAGR of 35% to Rs 4.7 billion at 2008-09. Of the total revenues finished fabrics contribute ~ 67% of revenues whereas the garment business contributes to ~37% of the total revenues.
- > The net income of MIL has improved from Rs 64 Mn in 2004-05 to Rs 366 Mn in 2008-09. The net margins have improved from 4.6 per cent in 2004-05 to 7.9 per cent in 2008-09.
- > Geographically, the Europe contributed to 84% of MIL's exports revenues in 2008-09, up from 81% in 2004-05. In 2008-09, export revenues form 29% of the total revenues.
- > MIL has reported an EPS (Earning per Share) of Rs 32.3 in 2008-09 as compared to Rs 6.1 in 2004-05.
- > The company ROE (Return on Equity) stood at 31.4 per cent in 2008-09 as compared to an ROE of 29.0 per cent in 2004-05.

### Financial performance snapshot

		FY05	FY06	FY07	FY08	FY09
		Actual	Actual	Actual	Actual	Actual
Operating Income	Rs. Mn.	1,278	1,865	2,619	4,069	4,635
Operating Margins	Percent	10.1	9.6	16.7	18.7	19.1
Net Profits	Rs. Mn.	64	121	194	353	366
Net Margins	Percent	4.6	5.9	7.0	7.9	7.9
ROCE	Percent	16.9	16.0	18.3	22.1	17.0
RONW	Percent	29.0	37.7	42.5	41.9	31.4
Basic EPS	Rs	6.1	11.5	18.5	31.2	32.3
Diluted EPS	Rs	6.1	11.5	18.5	31.2	32.3
No. of equity shares	Mn.	10.5	10.5	10.5	11.3	11.3
Net worth	Rs. Mn.	271.6	372.0	542.3	997.8	1,456.6
Book Value(FVRS10)	Rs	25.9	35.4	51.6	88.1	128.6

**Source: DRHP**

\*Note: Numbers have been reclassified as per CRISIL standards



**Business Profile**

MIL is a Mumbai based company, engaged in the production of fabrics for domestic market and garments largely for export markets. The company, promoted by four brothers of the Mandhana family, was incorporated in 1984 as Mandhana Textile Mills Private Ltd. It was engaged in the business of trading of fabrics. Subsequently, the company entered fabric processing and garmenting businesses and was renamed as MIL. In 2003, a separation in the family led to the two elder Mandhana brothers separating and taking the garmenting business. The younger brothers, Mr Purshottam Mandhana and Mr Biharilal Mandhana (brother of Mr Purshottam), took control of MIL. They became the promoters of the company along with Mr Manish Mandhana (nephew of Mr Purshottam and son of Mr.Biharilal). After separation, the company set up new garmenting capacities and entered yarn dyeing and weaving segment. They also expanded the fabric processing capacities.

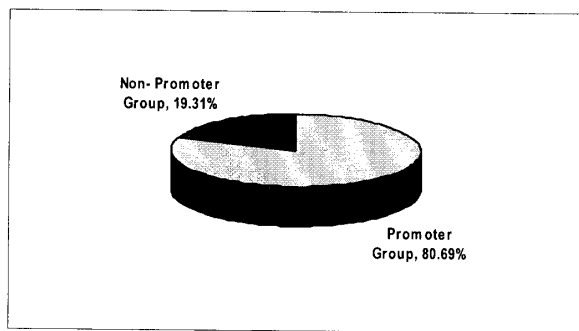
The company dyes yarn, converts cotton yarn into grey fabric and also processes grey fabric into finished fabric at its three facilities in Tarapur in Maharashtra. MIL also buys fabric which is dyed, texturised and provided with various finishes like stone finish, oil repellent, water repellent, peach finish and silicon finish. The company has 3.0 million kg of yarn dyeing capacity, 1.8 million m of fabric weaving capacity and 51.6 million m of fabric processing capacity at Tarapur in Maharashtra.

In addition, it has forward integrated into garmenting, with two units in Bangalore and a smaller unit in Mumbai, having an aggregate capacity to produce 3.6 million pieces per annum. The garments produced by the company are largely exported. Exports constituted nearly 29 per cent of MIL’s revenues in 2008-09. MIL is a relatively small player, both in fabric and garments segment. However, it is focused on the higher realisation and lower volume business both in fabrics as well as garments.

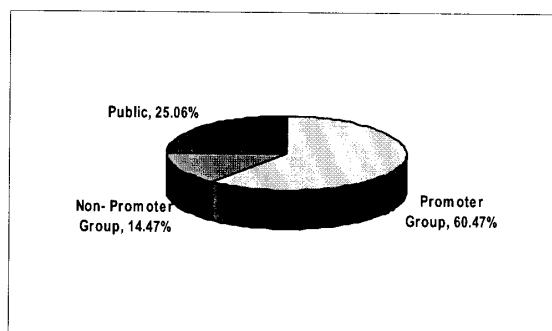
The company plans to expand its weaving capacity to 30 million m and garmenting capacity to 8.3 million pieces per annum. As per the company, the expansion plans are expected to get completed in March 2010.

**MIL: Shareholding Pattern**

**Pre-IPO**



**Post-IPO**



Source: DRHP

**Profile of Management and Board**

Promoter, Mr. Purushottam Mandhana holds the position of an Executive Chairman and Managing Director. He holds a bachelors degree in Commerce from the University of Rajasthan and has over 29 years of experience in the textile industry. He is a great administrator and a visionary entrepreneur. He is well versed with different textile technologies like dyeing and processing. He has successfully set up the weaving unit and has also played a pivotal role in the modernization of process unit. Under his administrative supervision, our Company's export division has performed consistently. He currently oversees the overall management of all the divisions of the Company. He heads a team of fairly experienced senior management and key management personnel who have rich domain expertise. The senior management includes, Mr. Biharilal Mandhana (Executive Director) with over 35 years of experience in textiles business. The key management personnel of Infinite have more than 15 years of work experience and all have been with MIL for at least 3 to 4 years. The Infinite Board has four independent directors. All the independent directors have extensive work experience in relevant fields.

**Annexure: Profile of the Directors**

Board of Directors					
Name of Directors	Designation	Age	Qualification	Background	Other Directorships
Mr. Purshottam Mandhana	Chairman & Managing Director	51	B.Com	Involved in the textile business for nearly 27 years	Mahan Synthetic Textiles Pvt. Ltd, Golden Seam Textiles Pvt. Ltd, Vicky Jhunjhunwala Resorts Pvt Ltd, Sundhya Chayya Fininvest Pvt Ltd, Dhumketu Fininvest Pvt Ltd, Tarapur Environment Protection Society, Parag Kunj Finvest Pvt Ltd, CKM Investment Pvt Ltd
Mr. Biharilal Mandhana (brother of Mr. Purshottam Mandhana)	Executive Director	61	-	Involved in the textile business for nearly 33 years	Mahan Synthetic Textiles Pvt. Ltd, Vicky Jhunjhunwala Resorts Pvt Ltd, Sundhya Chayya Fininvest Pvt Ltd
Mr. Manish Mandhana (nephew of Mr. Purshottam Mandhana)	Executive Joint Managing Director	39	B Com	13 years experience in the textile industry	Golden Seam Textiles Pvt. Ltd, Dhumketu Fininvest Pvt Ltd, Nutech Global Ltd
Mr. G. N. Bajpai	Independent Director	65	M.Com, L.Lb	Ex- Chairman of SEBI and LIC	Future Generali India Life Insurance Company Ltd, Future Generali India Insurance Company Ltd, Emaar MGF Land Limited, The Dhanalakshmi Bank Ltd, Future Capital Holdings Ltd, Kshitij Investment Advisory Company Ltd, Future Capital Investment Advisors Ltd, Kingfisher Airlines Ltd, Future Ventures India Ltd, Intuit Consulting Private Ltd, Invent Asset Securitisation and Reconstruction Company Private Ltd, Invent ARC Private Ltd, Infomerics Valuation and Rating Private Ltd, Apnapaisa Private Ltd, IDE India, Nitesh Estates Private Ltd, Dalmia Cement (Bharat) Ltd
Mr. Sanjay Asher	Non - independent and non-executive Director	42	B.Com, L.Lb, CA	Partner and practicing advocate with M/s Crawford Bayley & Co	Asian Electronics Ltd, Bajaj Allianz Life Insurance Ltd, Finolex Cables Ltd, Infomedica India Ltd, Morgan Stanley Investment Management Pvt Ltd, Shree Renuka Sugars Ltd
Mr. Khurshed Thanawalla	Independent Director	65	B.Com, Associate at Textile Institute UK & Associate of British Institute of Management	Managing Director of Oerlikon Textile India Ltd and has extensive experience in the textile industry	Oerlikon Textile India Pvt Ltd, Oerlikon Textile Components India Pvt Ltd, Stovec Industries Ltd, Ahura Holdings Pvt. Ltd, Sauer Preceicomp Pvt. Ltd

Mr. Robin Cornelius	Independent Director	52	Graduate	Founder promoter and CEO of Switcher SA retailer of apparels, Swiss Entrepreneur of the year in 2005 by E&Y	Switcher SA ( Swiss apparel brand)
Mr. Ajay Joshi	Independent Director	50	B.A Economic(Hon s), Fellow Member of ICWAI	Ex-Director, Finance of Alfa Laval Ltd	Value Qb Consulting Pvt Ltd

Source: DRHP

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