



SHEKHAWATI POLY-YARN LIMITED

(Company Registration No. – 11-58818 of 1990)

CIN - U17120MH1990PLC058818; ISIN-INE268L01012

(The Company was incorporated as "Shekhawati Poly- Yarn Private Limited" on November 5, 1990 under the Companies Act, 1956. The name of the Company was changed to "Shekhawati Poly-Yarn Limited" pursuant to the conversion of the Company from Private Limited to Public Limited and a fresh Certificate of Incorporation consequent to change in name was obtained on April 19, 2010. (Please refer to Page No. 106 of this Prospectus for detail of change in the name of the Company.) The Registered Office of the Company was shifted from Solaris, 1-B-241, Saki Vihar Road, Opp. L&T Gate No.6, Andheri (East), Mumbai-400072 to 2, Anantwadi, Vaidya Bhawan, 1st Floor, Bhuleshwar, Mumbai-400002 with effect from 30th March 2002. (Please refer to Page No. 107) of this Prospectus for detail of change in the Registered Office of the Company.)

Registered Office: 2, Anantwadi, Vaidya Bhawan, 1st Floor, Bhuleshwar, Mumbai-400 002

Tel. No: 91-22- 3256 7126; **Fax No:** 91-22-2875 5522

Email: ho@shekhawatiyarn.com

Website: www.shekhawatiyarn.com

Contact Person: Mr. Shivratan Agarwal, CFO & Compliance Officer

Promoters: Mr. Mukesh Ruia and Mr. Ramniranjan Ruia (Please Refer to Page No. 118 of this Prospectus for details of Promoters of the Company)

THE ISSUE

PUBLIC ISSUE OF 1,20,00,000 EQUITY SHARES OF RS.10/- EACH ISSUED FOR CASH AT A PREMIUM OF RS. 20/- PER EQUITY SHARE I.E. AT A PRICE OF RS. 30/- PER EQUITY SHARE AGGREGATING TO RS. 3600 LACS ("THE ISSUE" OR "THE NET ISSUE") BY SHEKHAWATI POLY- YARN LIMITED ('THE COMPANY' OR 'THE ISSUER'). THE FACE VALUE OF THE SHARE IS RS.10/- EACH AND THE ISSUE PRICE IS 3 TIMES OF THE FACE VALUE. THE ISSUE TO THE PUBLIC WILL CONSTITUTE 54.54% OF THE FULLY DILUTED POST-ISSUE EQUITY SHARE CAPITAL OF THE COMPANY. THE ISSUE IS BEING MADE IN TERMS OF REGULATION 26 (1) OF SEBI (ICDR) REGULATIONS, 2009.

RISK IN RELATION TO THE FIRST ISSUE

This being the first Issue of our Company, there has been no formal market for the securities of the Company. The Face Value of the shares is Rs. 10/- per share and the Issue Price is 3 times of the Face Value. The Issue Price (as determined by the Company in consultation with Lead Manager) as stated under the paragraph on "Basis for the Issue Price" given on Page No. 56 of this Prospectus should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of our Company or regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investment in Equity and Equity Related Securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision investors must rely on their own examination of the Issuer and the Offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. **Specific attention of the Investors is invited to the statement of Risk Factors given on Page No. 7 of this Prospectus under the Section "General Risks".**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

This Issue has been graded by Credit Analysis and Research Limited ("CARE") and has been assigned the "CARE IPO Grade 2 [Grade Two]" indicating below average fundamentals, through their letter dated December 1, 2010. For further details see the section titled "General Information" and "Annexure" beginning on Page No. 32 & 248 respectively of this Prospectus.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the **Bombay Stock Exchange Limited ("BSE")**, the **Designated Stock Exchange** and **National Stock Exchange of India Limited ("NSE")**. Our Company has received in-principle approvals for listing of the equity shares from BSE vide its letter No. DCS/ IPO/ AKS/ IPO- IP/761/2010-11 dated Aug 11, 2010 and NSE vide its letter No. NSE/LIST/ 149487-8 dated October 18, 2010.

LEAD MANAGER TO THE ISSUE



Hem Securities Limited

14/15, Khatau Building,
40, Bank Street, Fort,
MUMBAI- 400 001

Tel: 022 – 2267 1543 / 44

Fax: 022 – 2262 5991

Web: www.hemonline.com

Email: ipoinfo@hemonline.com

Contact Person: Mr. Rakesh Bhalla

SEBI Regn. No. INM000010981

REGISTRAR TO THE ISSUE



Sharex Dynamic (India) Pvt. Ltd.

Unit-1, Luthra Industrial Premises,
1st Floor, 44-E, M Vasanti Marg,
Andheri-Kurla Rd, Safed Pool, Andheri (E),

Mumbai – 400 072

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Web: www.sharexindia.com

Email: info@sharexindia.com

Contact Person: Mr. K.C. Ajitkumar

SEBI Regn. No. INR000002102

ISSUE OPENS ON

December 27, 2010

ISSUE CLOSES ON

December 29, 2010

TABLE OF CONTENTS		
SECTION	CONTENTS	PAGE NO.
I	DEFINITIONS AND ABBREVIATIONS	
1.1	Conventional or General Terms	2
1.2	Issue Related Terms	3
1.3	Company and Industry Related Terms	4
1.4	Abbreviations	5
II	RISK FACTORS	7
2.1	Risk Factors specific to the Project and Internal to our Company	9
2.2	Risk Factors which are External to the Company	19
2.3	Prominent Notes	22
III	INTRODUCTION	23
3.1	Summary of the Industry and Business of our Company	23
3.2	Issue details in brief	27
3.3	Summary of Consolidated Financial, Operating and Other Data	27
3.4	General Information	32
3.5	Capital Structure	36
3.6	Notes to Capital Structure	37
IV	PARTICULARS OF THE ISSUE	44
4.1	Objects of the Issue	44
4.2	Requirements of Funds	45
4.3	Means of Finance	53
4.4	Schedule of Implementation	53
4.5	Funds Deployment	53
4.6	Sources of Financing of Funds, Already Deployed	54
4.7	Deployment of Balance Funds	54
4.8	Interim use of Funds	55
4.9	Basic Terms of Issue	55
4.10	Basis of Issue Price	56
4.11	Tax Benefits	59
V	ABOUT OUR COMPANY	68
5.1	Industry Overview	68
5.2	Business Overview	82
5.3	Key Industry – Regulation	96
5.4	History and Corporate Structure	106
5.5	Management	108
5.6	Promoters / Principal Shareholders	118
VI	FINANCIAL STATEMENT	124
6.1	Auditor's Report	124
6.2	Financial Information of our Company	126
6.3	Financial Information of the Group Companies	161
6.4	Changes in Accounting Policies in the last few Years	164
6.5	Management's Discussion and Analysis of Financial Condition and Results of Operations	164
VII	LEGAL AND OTHER INFORMATION	175
7.1	Outstanding Litigations And Material Developments	175
7.2	Government Approvals/ Licensing Arrangements	177
VIII	OTHER REGULATORY AND STATUTORY DISCLOSURES	181
IX	ISSUE RELATED INFORMATION	192
9.1	Terms of the Issue	192
9.2	Issue Procedure	195
X	DISCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION	219
XI	OTHER INFORMATION	245
11.1	List of Material Contracts and Inspection of Documents for Inspection	245
11.2	Declaration	247
11.3	Annexure	248

SECTION I: DEFINITIONS AND ABBREVIATIONS

1.1 CONVENTIONAL / GENERAL TERMS	
Terms	Description
Articles /Articles of Association	Articles of Association of Shekhawati Poly-Yarn Limited
Auditors	The Statutory Auditors of our Company, viz. M/s. Singrodia Goyal & Co., Chartered Accountants
Board of Directors / Board	The Board of Directors of Shekhawati Poly-Yarn Limited or a Committee constituted thereof
CFO	Chief Financial Officer
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Equity Shares	Equity Shares of Shekhawati Poly- Yarn Limited, of face value of Rs. 10/- each unless otherwise specified in the context thereof
HDFC Bank	HDFC Bank Limited
Indian GAAP	Generally Accepted Accounting Principles in India
IndusInd Bank	IndusInd Bank Limited
KMP	Key Management Personnel
MoA	Memorandum of Association of Shekhawati Poly-Yarn Limited
MoU	Memorandum of Understanding
Non Residents	Eligible NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions, who are eligible to apply in the Issue.
NRIs / Non- Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
Overseas Corporate Body / OCB	A Company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to participate in this Issue.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Promoters	Shri Mukesh Ruia and Shri Ramniranjan Ruia
Registered Office	2, Anantwadi, Vaidya Bhavan, 1 st Floor, Bhuleshwar, Mumbai- 400 002
SBI	State Bank of India
SVC	Shamrao Vithal Co-Operative Bank Limited
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI (ICDR) Regulations, 2009	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

1.2 ISSUE RELATED TERMS	
Terms	Description
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Allotment	Issue of the Equity Shares pursuant to the Issue to the successful applicant
Allottee	The successful applicant to whom the Equity Shares are being / have been issued
Banker to the Company	1. State Bank of India, The Arcade, 2 nd Floor, World Trade Centre, Cuffe Parade, Colaba, Mumbai - 400 005, Maharashtra, India. 2. Shamrao Vithal Co-Operative Bank Limited, Anand Building, 82/84 Kazi Syed Street, Mandvi, Mumbai- 400 003
Bankers to the Issue	1. HDFC Bank 2. IndusInd Bank
BSE	Bombay Stock Exchange Limited
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Employees	Permanent Employees of Shekhawati Poly-Yarn Limited as on October 31, 2010 including both staff and workmen employees.
Issue Price	The Final Price at which the Equity Shares are being issued by our Company under this Prospectus, in this case being Rs.30/-.
LM/Lead Manager	Lead Manager to the Issue, in this case being Hem Securities Limited.
Prospectus	The Prospectus, to be filed with the ROC under Section 60 of the Companies Act, 1956 containing, inter alia, the issue price, the size of the issue and other information
NSE	National Stock Exchange of India Limited.
Public Issue / Issue / Initial Public Offering / IPO	Public Issue of 1,20,00,000 equity shares of Rs.10/- each for cash at a premium of Rs. 20/- per equity share (Price of Rs. 30/- per equity share) aggregating to Rs. 3600 Lacs (the Issue) by Shekhawati Poly- Yarn Limited (Our Company' or 'Issuer'). The face value of the share is Rs.10/- each and the issue price is 3 (Three) times of the face value.
Qualified Institutional Buyers / QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investors registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital funds registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA), Provided Funds with a minimum corpus of Rs. 25 crores and Pension funds with a minimum corpus of Rs. 25 Crores, 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.
Registrar/ Registrar to the Issue	Registrar to the Issue being Sharex Dynamic (India) Pvt. Ltd.
Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than Rs.2,00,000
SCSB	Self-Certified Syndicate Bank
"Shekhawati" or "Our Company" or "Shekhawati Poly-Yarn Limited" or "SPYL"	Shekhawati Poly- Yarn Limited, a Public Limited Company incorporated under the Companies Act, 1956 having its registered office at 2, Anantwadi, Vaidya Bhavan, 1 st Floor, Bhuleshwar, Mumbai- 400 002
"We" or "Us" or "Our Company"	Refers to Shekhawati Poly- Yarn Limited

1.3 COMPANY AND INDUSTRY RELATED TERMS	
Terms	Description
GATT	General Agreement on Trade and Tariff
PSF	Polyester Staple Yarn
PFY	Polyester Filament Yarn
POY	Partially Oriented Yarn
PTY	Polyester Texturized Yarn
EOU	Export Oriented Unit
RH	Relative Humidity
TFO	Twisting Machine
TPA	Tonnes Per Annum
WTO	World Trade Organization

1.4 ABBREVIATIONS	
Abbreviation	Full Form
A/c	Account
AoA	Articles of Association
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
ATC	Agreement on Textiles and Clothing
CA	Current Account
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis and Research Limited
CDSL	Central Depository Services (India) Limited
CHS	Co-operative Housing Society
CIN	Corporate Identification Number
EPS	Earnings Per Share
EGM	Extraordinary General Meeting
ESIC	Employees State Insurance Corporation
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal/ Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIIIs	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
GoI/Government	Government of India
GIR Number	General Index Registry Number
HDFC Bank	HDFC Bank Limited
HUF	Hindu Undivided Family
ICDR	Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009
IndusInd Bank	IndusInd Bank Limited
ISIN	International Securities Identification Number
I.T Act	Income Tax Act, 1961, as amended from time to time
MFA	Multi-Fiber Agreement
MOU	Memorandum of Understanding
MSEDL	Maharashtra State Electricity Distribution Company Limited
MT	Metric Tonnes i.e. 1000 Kilograms
NAV	Net Asset Value
NCR	National Capital Region
NCT	National Capital Territory
NIT	New Industrial Town

NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
P/E Ratio	Price/Earnings Ratio
PF	Provident Fund
RBI	The Reserve Bank of India
RoC / Registrar of Companies	Registrar of Companies, Maharashtra, Mumbai
RONW	Return on Net Worth
Rs. / INR	Rupees or Legal Currency of India
SB	Saving Bank Account
SBI	State Bank of India
SVC	Shamrao Vithal Co-Operative Bank Limited
ST	Sales Tax
TAN	Tax Deduction and Collection Account Number
TIN	Tax Identification Number
TUFS	Technology Up gradation Fund Scheme
US	United States of America
USD/ US\$/ \$	United States Dollar
VAT	Value Added Tax

SECTION II: RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in the Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2009 included on Page No. 126 of this Prospectus. We have no subsidiaries. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 of every year and ends on March 31st of every next year. In the Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lacs" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million".

Throughout this Prospectus, all figures have been expressed in Lacs. Unless otherwise stated, all references to India contained in this Prospectus are to the Republic of India. Unless stated otherwise, industry data used throughout this Prospectus has been obtained from industry publications, internal company reports, newspaper and magazine articles etc.

Such publications generally state that content therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although, we believe that the industry data used in this Prospectus is reliable, it has not been verified by any independent source.

For additional definitions, please refer to "Definitions and Abbreviations" on Page No. 02 of this Prospectus. In the Section titled 'Main Provisions of the Articles of Association' on Page No. 219 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

FORWARD-LOOKING STATEMENTS

Statements included in this Prospectus which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expression or variations of such expressions, that are "forward-looking statements".

All forward looking statements are subject to risks, uncertainties and assumptions 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, among others: -

- General economic and business conditions in India and other countries.
- Regulatory changes relating to the textile sector in India and our ability to respond to them.
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Change in political condition in India.

For further discussion of factors that could cause our actual results to differ, see the Section titled "Risk Factors" beginning on Page No.7 of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company 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 Lead Manager 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 for the Equity Shares allotted pursuant to this Issue.

RISK FACTORS

An investment in equity involves a high degree of risk. Investors should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our equity shares. Any of the following risks as well as other risks and uncertainties discussed in this Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment. In addition, the risks set out in this Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. 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 risks mentioned herein.

Materiality

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

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

Note:

The risk factors as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section. In this Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors", "Management Discussion and Analysis of Financial Conditions and Operations" as mentioned on Page No. 164 in this Prospectus unless otherwise indicated, have been calculated on the basis of the amount disclosed in the "Financial Statements" prepared in accordance with the Indian Accounting Standards.

2.1 RISK FACTORS SPECIFIC TO THE PROJECT AND INTERNAL TO OUR COMPANY

1) Currently we have an aggregate outstanding export obligation of Rs.4233.14 Lacs, which needs to be fulfilled. Failure to meet export obligation would entail payment of the amount of duty saved together with interest.

Currently, we have an outstanding export obligation of Rs. 4233.14 Lacs which needs to be fulfilled. This amount pertains to various procured capital assets imported at concessional rate of import duty under the EPCG scheme. The detail of the licenses and outstanding export obligations is as follows:

Details	License No.	Issue Date	Duty Saved (Rs. in Lacs)	Export Obligation in (Rs. in Lacs)	Export Obligation Completed (Rs. in Lacs)	Balance Export obligation to be completed in (Rs. in Lacs)	Period to which Export Obligation to be completed
Polyester Texturised & Twisted Yarn	0330024304 /3/11/00	Sep 11, 2009	617.93	4943.43	710.28	4233.14	8 years from the Issue Date of License

2) Our Company is yet to place orders for majority of the Plant & Machinery. The company has placed order for 30 TFO machines and 15 "120 spindle cops winder machine" worth Rs. 637.77 Lacs against the total outlay estimated for Rs. 1725.00 Lacs. Our Company has also not arranged for any hedging facility to cover the risk arising out of foreign exchange fluctuations for the plant and machinery proposed to be to be imported for Rs. 700.00 Lacs which constitutes 40.58% of the total plant and machinery.

Our Company is yet to place orders for majority of the plant and machinery and other equipment and accessories. The total cost of all these comes to Rs. 1725.00 Lacs which is 47.9 % of the total cost of the Project, of which Rs.700 Lacs worth of machinery is to be imported constituting 19.44% of total project cost. The company has placed order for 30 TFO machines and 15 "120 spindle cops winder machine" worth Rs.637.77 Lacs and has given an advance of Rs. 1.11 Lacs to the suppliers against the said order. We are subject to the risks on account of inflation in the price of machinery and other equipment that we require for the project. Further, in respect of the machinery / equipment / other project related services that we propose to import / procure from overseas; we may be subject to the risks arising out of currency rate fluctuations. Since no orders have been placed as on date, our Company has not arranged for any hedging facility to cover the risk arising out of foreign exchange fluctuations in relation to the aforesaid imports. These factors may increase the overall cost of our project and have an adverse effect on our business and results of operations.

3) Any delay in implementation of the proposed project may lead to cost over-runs.

Implementation of a project involves various stages of planning and execution. We have yet to receive certain quotations. Some of the quotations are old and price variances may be possible. We have also applied for permissions and clearances which are at approval stage with relevant authorities. Any delay in this regard will cause further delays in the trial and commercial production at our plant. Our Project also involves import of plant and machinery therefore; any difficulty in import, clearances at ports, transportation and installation of machinery will increase the delays in implementation.

Further, the construction of building and installation of machineries for the proposed project will be completed in March 2011 and our Company will commence its production subsequently. Any delay in implementation of the same will increase the capital cost and also affect the realization of returns from the project. Furthermore, co-ordination between the various departments in our Company and liaison with external agencies involves considerable time and effort. Our attempt to resolve these issues may be time consuming and we may not be able to stick to the proposed schedule of

implementation. This may increase interest costs, and lead to loss of production with an adverse impact on the profits of our Company.

4) We have unsecured loans to the tune of Rs. 415.00 Lacs for FY 2009-10 and Rs 414.53 Lacs for 6 months period ended September 30, 2010, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations.

As per our standalone financial statements, as on March 31, 2010, we have unsecured loan of Rs. 415.00 Lacs and Rs 414.53 Lacs for 6 Months period ended Sept 30, 2010 from Promoters, Promoters' Group members which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and liquidity. For detailed information please refer "Financial Information" on Page No. 126 of the Prospectus.

5) We have certain contingent liabilities, which have not been provided for in the books of accounts. Materialization of any of these contingent liabilities could affect our financials.

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

(Rs. in Lacs)			
Sr. No.	Nature of Liability	Mar 31, 2010	Sept 30, 2010
1	Pending Export Obligation under EPCG License	4510.89	4233.14
2	On account of Capital Contracts yet to be executed	791.44	858.40
3	Outstanding Bank Guarantee	49.55	61.15

In the event any of these contingent liabilities gets crystallized, our financial condition may be affected. For further information please see section titled "Financial Statements" beginning on Page No. 126 of this Prospectus.

6) Our Company has not followed Accounting Standard - 15 regarding Employee Benefits prescribed by The Institute of Chartered Accountants of India (I.C.A.I) till the Financial Year 2009-10.

We had accounted for liabilities in respect of gratuity on Payment basis which is not in conformity with AS -15 regarding Employee Benefits prescribed by the ICAI till the Financial Year 2009-10 as the Accounting Standard stipulates that these liabilities should be accounted for in the books of accounts on Accrual basis. However, the Company has changed its Accounting Policy with regard to liability in respect of Gratuity from the Financial Year 2010-11 in accordance with the said Accounting Standard 15. Consequently, the profits and the reserves and surplus for the six months period ended September 30, 2010 is lower by Rs. 3.91 Lacs.

7) Our Company has changed its Accounting Policy with respect to liability on account of Bonus payment from cash to accrual basis with effect from the Financial Year 2010-11.

We had accounted for liabilities in respect of bonus on Payment basis. However, the Company has changed its Accounting Policy with regard to liability in respect of Bonus from cash basis to accrual basis commencing from the Financial Year 2010-11. Consequently, the profits and the reserves and surplus for the six months period ended September 30, 2010 is lower by Rs. 4.51 Lacs

8) We did not attach Cash Flow Statement with regard to financial Year ended March 31, 2008 as per Accounting Standard -3 issued by the I.C.A.I.

Accounting Standard - 3 with reference to preparation and filing of Cash Flow Statement, which became applicable during financial year ended March 31, 2008, though the Cash Flow Statement was prepared for the period, inadvertently, the same was not attached in the Annual Report for 2007-2008. However, Cash Flow Statement from the financial year ended March 31, 2009 was attached in the Annual Report as per the requirements of Accounting Standard 3.

9) We have not undertaken capital expenditure of similar size and nature as entailed in objects of issue and our inability to manage capital expenditure may adversely affect our operations.

We are embarking upon a major expansion to meet the growing demand of domestic and international buyers in the textiles sector. We are incurring capital expenditure of Rs. 3600 Lacs as detailed in the Section titled 'Objects of the Issue' starting on Page No. 44 of this Prospectus, for increasing our capacities of Twisted Yarn and establishing knitting facilities. In past, we have not undertaken capital expenditure of such size and our inability to manage capital expenditure may adversely affect our operations. We cannot assure that we will be able to get the benefits of the generally growing demand in the textile sector and accordingly the benefits accruing to us from the planned capacity expansion and proposed garment project may be less than what is anticipated.

10) Our Company has not registered itself for payment of Professional Tax.

Our Company has not yet registered under Section 5 of The Maharashtra State Tax on Professions, Trades, Callings and Employments Acts, 1975. The Company is yet to make an application to the Professional Tax Department. The Company may be liable for the tax not paid and the penalty, if any, levied upon the Company.

11) Our Company has not registered itself under The Employees' State Insurance Act, 1948.

Our Company has not yet registered under The Employees' State Insurance Act, 1948 for which it may be liable under the provisions of the said Act. However, we are in the process of filing of registration documents with the relevant authorities.

12) We have not entered into any long-term supply contracts for raw materials.

The absence of long term raw material supply contracts may affect the regular supply of raw materials and price fluctuations, which may negatively impact our production operations and profitability.

13) Our business is dependent on the availability/supply and cost of raw materials, which we source from domestic suppliers. Any significant increase in the prices of these raw materials or decrease in the availability of the raw materials, could adversely affect our results of operations.

Raw material cost constitutes significant percentage of our total expenses. Our primary raw material is POY, which we source from the domestic market. Because of changes in demand, supply or Foreign Trade fluctuations the prices of POY may rise and may force us to increase the sales prices of texturised and Twisted Yarn. Thus the increase in raw material prices may have a negative impact on our profit and revenue.

Our ability to remain competitive and maintain our market share is dependent upon our ability to source adequate supply of the raw materials. Any delay or disruption in supply of raw material to our plant may affect our operations.

14) Changes in technology may render the current technologies obsolete or require us to make substantial capital investments else we may fail to maintain cost competitiveness and consequently our customers' ability to produce products as per latest trends and fashions.

The business of our Company is largely dependent on the technology adopted by us. The manufacturing process in the Textile industry is prone to technological and process changes, which may render our current processes obsolete. Timely upgradation of our machines will help us to maintain the cost competitiveness of our business as well as the existing customers since we will be in a position to provide them products as per the latest designs, patterns, trends and fashion. Although in the Texturising Industry, there have been so far no dynamic or frequent changes or up gradation of technological processes. Historically, earlier there were machines with 312 spindles and after a period of decade or so, the technology has been upgraded to machines with 336 spindles. Further, increase in number of spindles only increases the production capacity but the technology used in both cases remains the same. Nevertheless, there is always a possibility and probability of future innovations which cannot be ruled out with utmost certainty at any given point of time. Accordingly, in its pursuit to ensure continuous improvisation in product quality, the issuer company has proposed an out lay of Rs 200 Lacs for Laboratory Equipment to be used towards ongoing research and

development activities. These in house activities would aim to improve quality at every stage of production processes and would also analyze and examine the need and feasibility of upgrading technology, if any.

However, in order to compete successfully, our Company would require substantial sums to adopt newer technologies and processes on continuous basis. It may be possible that our Company may not be able to arrange large funds at appropriate time which may have an adverse impact on our business and profitability.

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

Our company has taken insurance coverage for our Unit No I, II and III for an aggregate amount of Rs 3476.00 Lacs for protecting us against certain operating hazards which may have a material adverse effect on our business. Details of Insurance Coverage obtained by us are as follows:

a) Insurance Details of Unit I

Insurance Taken for	Unit I - Sheetal Industrial estate, plot No-20, Demini Road, Dadra, Dadra and Nagar Haveli, 396230
Name of the Policy	Standard Fire and Special Perils Policy
Policy No.	140402/11/10/11/00000004
Policy Period	14:30 Hours on 20/04/2010 To Midnight of 19/04/2011
Total Insured Amount	Rupees Five Crores, Eight Lacs & Seventy Five Thousand only

Sr. No	Description of Property	Sum Insured (Rs. in Lacs)
1	Building	20.00
2	Plant and Machinery	377.50
3	FFF (Furniture, Fixtures and Fittings)	1.00
4	Stocks (Raw Material , WIP Plus Finished Goods)	100.00
5	Non Stocks	10.25
	Total Insured Sum	508.75

b) Insurance Details of Unit II

Insurance Taken for	Unit II -Plot No 44, Government Industrial Estate, Masat, Samarwani, Dadra and Nagar Haveli, 396 230
Name of the Policy	Standard Fire and Special Perils Policy
Policy No.	14042/11/10/11/00000003
Policy Period	14:16 Hours on 20/04/2010 To Midnight of 19/04/2011
Total Insured Amount	Rupees Seventeen Crores, Twenty Five Lacs & Sixty Eight Thousand Only

Sr. No	Description of Property	Sum Insured (Rs. in Lacs)
1	Building	120.00
2	Plant and Machinery	1162.88
3	FFF (Furniture, Fixtures and Fittings)	150.00
4	Stocks (Raw Material , WIP Plus Finished Goods)	400.00
5	Non Stocks	27.80
	Total Insured Sum (in Rs.)	1725.68

c) Insurance Details of Unit III

Insurance Taken for	Unit III-Plot No 185/1,Narolli Village Kannadi Phatak Maroli, Silvassa, Dadra and Nagar Haveli, 396 235
Name of the Policy	Standard Fire and Special Perils Policy
Policy No.	14042/11/10/11/00000003
Policy Period	16:58 Hours on 02/02/2010 To Midnight of 01/02/2011
Total Insured Amount	Rupees Twelve Crores , Forty One Lacs & Fifty Seven Thousand Only

S. No	Description of Property	Sum Insured (Rs. in Lacs)
1	Building	700.00
2	Plant and Machinery	341.57
3	Stocks (Raw Material , WIP Plus Finished Goods)	200.00
	Total Insured Sum (In. Rs.)	1241.57

The aggregate amount of all above policies amounts to Rs 3476.00 Lacs. Our policies are on restated values. However, this insurance cover may not adequately protect us against certain operating risks / hazards. There can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected. There is a risk that our insurance policies may not be sufficient in covering all losses in which we or any third parties may suffer. If we suffer in an event for which we are not adequately insured, there is a risk that it may have a material adverse effect on our business, results of operations and financial conditions.

16) For the Financial Year ended March 31st 2010 and 6 months period ended 30th September 2010, our Company has entered into certain Related Party Transactions with the promoters, promoter group and group entities amounting to a total of Rs. 9.84 Lacs and Rs 99.29 Lacs respectively.

Our Company for the Financial Year ended March 31st 2010 and 6months period ended 30th September 2010; Our Company has entered into certain Related Party Transactions with the promoters, promoter group and group entities amounting to a total of Rs. 9.84 Lacs and Rs 99.29 Lacs respectively

(I) Relationship**(a) Individuals Controlling the Enterprise and Key Management Personnel**

For the period ended 30th September, 2010:

1. Mr. Ramniranjan Ruia – Chairman
2. Mr. Mukesh Ruia – Managing Director

For the period ended 31st March, 2010:

1. Mr. Ramniranjan Ruia – Chairman
2. Mr. Mukesh Ruia – Managing Director

(b) Enterprises in which Key Management Personnel and their relative are interested.

For the period ended 30th September, 2010:

1. Ruia Rayons Private Limited
2. SKI Buildcon Private Limited
3. Sanjay Jogi

For the period ended 31st March, 2010:

Ruia Rayons Private Limited - Associate Company

Note: Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in I (a) and I (b) above is pointed out and relied upon by the auditors.

(II) Transaction with Related Parties.

(Rs. in Lacs)

Nature of the Transaction	For 6 months period ended 30 Sept 2010		Financial year ended 31 Mar 2010	
	Referred in (I) (a)	Referred in (I) (b)	Referred in (I) (a)	Referred in (I)(b)
Expenses				
Remuneration	9,00,000	NIL	9,00,000	-
Advance towards remuneration	10,19,000	NIL	84,000	-
Purchase	-	-	-	-
Finance and Investment	-	-	-	-
Unsecured Loan Recd.	-	-	-	-
Unsecured Loan Repaid	NIL	-	-	-
Unsecured Loan Granted	NIL	-	-	10,00,000
Unsecured Loan Recd back	NIL	-	-	10,00,000
Allotment of shares	-	80,10,000	-	-
Outstanding	-	NIL	-	NIL
Advance recoverable	10,19,000	-	84,000	-
Loan Payable	-	-	-	-

17) We are subject to the restrictive loan covenants of Banks in respect of the term loans and working capital facilities availed from them.

Our company has following existing liabilities with regard to term loan and working capital facilities from our Bankers:

(Rs. in Lacs)

Name of the Lender/Date of Sanction	Nature of Loan	Loan Sanctioned	Loan Outstanding As at 30.09.2010	Rate of Interest as at 30.09.2010
State Bank Of India	Term Loan - I	395.00	95.56	13.25%
	Term Loan - II	1100.00	893.47	
	Term Loan - III	700.00	585.70	

The Shamrao Vithal Co-op Bank	Term Loan	250.00	} 1506.08	13.00%
The Shamrao Vithal Co-op Bank	Term Loan	1550.00		13.00%
State Bank Of India	Cash Credit Limit	} 2000.00	1517.03	13.25%
State Bank Of India	EPC		455.35	7.85%
Reliance Capital Limited	Term Loan	300.00	252.31	11.00%
BMW India Financial Services Private Limited	Vehicle Loan	40.46	40.46	8.67%

However, our Bankers may impose certain restrictions on further borrowings or raising capital through equity which may adversely affect our current operations and expansion plans and consequently results of operations, business and profitability.

18) There is a common pursuit amongst the Promoters' Group entities which may affect the business of our Company in long run.

Our Company and three of our Promoter Group entities viz. (1) Ruia Rayons Pvt Ltd (2) Ruia Silk & Synthetics Pvt Ltd and (3) Mukesh Silk Mills, at present are in the same line of business. Hence to this extent there exists a potential conflict of interest amongst us in future.

19) Monitoring Agency

Our Company has not appointed any Monitoring Agency for this Issue as Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 stipulates that the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 500.00 Crores. Accordingly, the deployment of the issue proceeds is entirely at the discretion of our company and is not subject to any monitoring by any independent agency. However the Audit Committee of the Company shall monitor the proceeds of the issue.

20) Any inability to manage our growth could disrupt our business and reduce our profitability.

We expect that our growth strategy will place significant demands on our managerial, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. In particular, continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficient skilled technical and management personnel and developing and improving our internal administrative infrastructure. Our company has taken following steps by way of following expansions plans as part of its growth strategies

- During the Year 2009- 10, the Our Company has completed construction of Unit No 3 at Silvassa measuring 55,000 Sq. Ft.
- Installation of 8 Texturising Machines has been completed and further 2 Texturising Machines have been procured (Not funded through proposed (IPO proceeds) but are yet to be installed at Unit No 3.
- Installation of Additional 30 TFO (Twisted Machines) to manufacture Twisted Yarn and towards forward integration, installation of new 30 Knitting Machines to manufacture Knitted Yarn to be financed entirely out of Proposed IPO proceeds at Unit No 3.

Details of Existing and Proposed Installed Capacity of the Plants would be as follows:

Existing & Proposed Capacity of our Company

Name of the Division	Existing Capacity (MTPA)	Proposed Addition (MTPA)	Capacity after Proposed Expansion (MTPA)
Twisting	600	3960	4,560
Knitting	Nil	1980	1,980
Texturising	27400*	Nil	27,400

* includes capacity utilization consequent to installations of additional 8 Texturising machines already installed and 2 Texturising machines already procured but yet to be installed. (Not funded through IPO proceeds)

However, our any inability to manage such growth could disrupt our business, reduce profitability and adversely affect our results of operations and financial conditions.

21) Our existing manufacturing operations are geographically located at one place i.e Silvassa.

Although we exercise centralized control, being a single point manufacturing facility may prove to be disadvantageous at times because of any disruption on account of labor unrest, power failures, natural calamities, or civic unrest. Our operations may have to be stalled which will impact our production, delivery of goods and financial results.

22) We may not utilize the proposed enhanced capacity to its maximum, which could have an impact on the production, performance and profitability of our Company.

We are currently able to utilize our capacity to the fullest but due to the substantial increase in capacity we may not be able to utilize the proposed capacity to optimum level for various reasons including stabilization of production processes on account of technical and operational problems or market fluctuations in Indian and Global markets or due to changes in market conditions, due to inflation or recession or economic conditions which are beyond the control of management.

23) Loading of local / domestic taxes may increase cost of the products, which may in turn affect the profitability of our Company in the future.

Taxes imposed by the State Government / Local Government Bodies such as Municipal Bodies etc, might increase the cost of products. Such taxes may not have been imposed in other States, thereby making our products non-competitive, which in turn might lead to our market share being reduced.

24) We are heavily dependent upon the growth prospects of the industries which consume our products. Any slowdown in the rate of growth of these industries would seriously impact our own growth prospects and may result in decline in profits.

We supply twisted and Texturised Yarn to integrated textile mills, processors and traders who in turn may consume those products for their integrated plants or Garment Manufacturing Units. The demand for their products will ultimately be from industries or end users, which in turn depend on national and global economic conditions. Due to the lack of demand, the slowdown in these industries may have an adverse impact on our business.

25) Any delay in timely delivery of our products may adversely impact our relations with the clients.

Timely delivery of goods has a positive impact in the textile industry which goes through various manufacturing processes. Delays result in customer dissatisfaction, cancellation of existing orders and non-receipt of repeat orders. In any given manufacturing industry, timely delivery of goods largely depends, inter - alia, on the following factors viz. easy availability of requisite raw material on competitive prices, un-interrupted supply of power (with or without standby arrangements) and trusted and reliable man power at the disposal of the management . In order to ensure on time delivery to our clients, we have placed following arrangements in place:

a) Raw Material Availability:

Identified number of reliable raw material suppliers who ensure timely, adequate and uninterrupted supply of raw material to our Company. Further, a part of the existing finished product viz: Poly Texturised Yarn is proposed to be used as raw material for manufacture of Knitted Yarn as captive consumption, thus assuring regular supply of raw material for the said product.

b) Uninterrupted Power Supply :

We presently have 11 KVA line from the sub- station to support its existing and future power requirements. Further, we have installed Diesel Generator Sets with a power load capacity of 125 KVA to combat any contingency on account of state power supply.

c) Trained and experienced Manpower.

We have long standing work force comprising of senior level managerial and technical personnel and other categories ensuring optimum production levels.

Under the trade practice of the industry there is specific time bounding for delivery of goods. The delivery schedules are flexible depending upon the production of goods. Due to infrastructure as indicated in para's a, b and c above, we have a good time delivery strategy to deliver the goods to the client in proper and safe manner.

Though our company puts its best efforts to deliver goods on time, factors beyond our control such as timely supply of raw material, disruption in power supply and labour unrest may affect the timely dispatch of goods to our valued customers and may negatively impact our reputation and relationship with our customers and consequently could adversely affect our results of operations, business and profitability.

26) Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds after we commence commercial operations of the Proposed Project.

We have paid a dividend of 30 paise per equity share of the face value of Rs 10 each to the shareholders of the company for the financial year ended March 31, 2009 and 60 paise was paid per equity share of the face value of Rs. 10 each as dividend to the shareholders for the financial year ended March 31, 2010. The amount of our future dividend, if any, would depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure, lenders' approval and other factors. There can be no assurance that we shall have distributable profits or that we would declare dividend in future.

27) Members of our Promoters' Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval in their favor.

After this Issue, members of our Promoter group will beneficially own 45% of holding of post-Issue Equity Share Capital. As a result, our Promoters' Group will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. The Promoters' Group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

28) Our operations may be adversely affected in case of industrial accidents at our manufacturing unit.

Industrial accidents may occur on account of human failure, mechanical breakdowns, power spikes etc. The occurrence of such events will not only damage our labor force, materials and machinery but will also cause disruptions in our

production schedules and affect the timely delivery of finished goods, which in turn may adversely affect our business operations.

29) Our expansion plans may not yield the benefits actually intended.

Towards our expansion plans we are committing total outlay of Rs 3600.00 Lacs through the present Public Issue proceeds. Due to fluctuations in orders on account of seasonal demand, textile patterns, recessionary trends and slowdown in the economy our company may not be in a position to achieve the intended benefits.

30) Our failure to attract and retain skilled manpower could adversely affect our growth strategy as research and development is a key component of our business model. Our success depends partly upon our senior management and key personnel and our ability to attract and retain them.

Our Company recruits and trains personnel in the areas of research & development, process improvements and development of new products. We believe that there is significant demand for personnel who possess the skills needed to perform the services we offer. Our success depends on the continued services and performance of the members of the senior management team and other key employees. Competition for senior and experienced personnel in the industry is intense at present. Over the years we have developed a workforce which we consider as part of our family and treat them as family members rather than mere employees. We believe that human resource in any industry is its main source of strength and we have accordingly created conducive working environment for the employees at all levels and cadres. It is for this reason that the attrition rate in our issuer company is 2% p.a.

We adopt a competitive yet lucrative manpower retention policy in order to retain all categories of human resource within the company. We have adopted pecuniary and non-pecuniary methods to keep the motivational levels of the people working in the company high so that maximum output can be achieved in this regard. However, since there is always a demand for experienced and skilled managerial personnel in the industry, attrition is not ruled out and it is therefore we have to adopt strategic but flexible retention policies from time to time in line with present industry scenario replace those technical personnel who leave our company.

However, we cannot assure that we will be successful in recruiting and retaining a sufficient number of technical personnel with requisite skills to replace those technical personnel who leave our company. Further, the loss of the services of our senior management or other key personnel could seriously impair our ability to continue to manage and expand our business which may adversely affect our results of operations, business and profitability.

31) We operate in a highly competitive and fragmented industry and our failure to successfully compete could result in a loss of one or more significant customers

The textile industry is highly competitive and fragmented. We will face competition mainly from large vertically integrated and diversified companies as well as new companies, particularly in China and Indonesia. Some of our international competitors are larger than us and have greater financial resources. In the recent past many companies in the textile industry have ramped up their capacities to en cash opportunities arising from abolition of the quota system with effect from January 1, 2005. Huge additional capacities coming up are expected to increase competition amongst players in the textile industry and we may face pressures on pricing, product quality, turnaround time, order size etc., which may reduce our profit margins.

2.2 RISK FACTORS WHICH ARE EXTERNAL TO THE COMPANY

1. Exchange Rate Fluctuations may have impact on the performance of the Company.

Our Company is exposed to exchange rate fluctuations. Uncertainties in the global financial market may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Such fluctuations can have a serious impact on the revenues from the export business/and our export obligations.

We intend to import equipment/machineries for the expansion of our integrated plant. Fluctuations in foreign exchange rates may adversely affect the cost of project. We have not entered into any hedging agreement for minimizing the exchange rate risk and in the event of rates changing adversely, the project cost may rise.

2. The Shares of the Company shall be tradable only after listing on the Stock Exchanges

Under the SEBI (ICDR) Regulations, 2009 we are permitted to allot equity shares and listing within 12 days of the closure of the public issue. Consequently, the Equity Shares you purchase in this Issue may not be credited to your demat account, with the Depository Participants within 12 days after the Application/ Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account on time or that trading in the Equity Shares will commence, within the specified time period.

3. An active market for the Equity Shares may not develop which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The Equity Shares are new issues of securities for which there is currently no trading market. BSE and NSE have granted in principle approval for the Equity Shares to be admitted for trading on the same. No assurance can be given that an active trading market for the Equity Shares will develop or be sustained after the Issue. The market price of our Equity Shares may vary from the Issue Price after the Issue and may fluctuate significantly due to factors beyond our control, including, but not limited to volatility in the Indian and global securities markets; external factors affecting our operating results, including the risks outlined in this section; investor perceptions of our future performance; announcements by us or others of significant contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments; political developments or other governmental action or regulation in India or other countries; and recruitments or resignations of key personnel. In addition, the shares listed on the BSE and NSE may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of our Equity Shares. There is a risk that you will not be able to sell your Equity Shares at a price at or above the Issue Price.

4. Future sales of Equity Shares by shareholders or any future equity offerings by us may adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our working capital or capital expenditure needs in the future, we may need to raise funds through further equity offerings. As a purchaser of the Equity Shares, you may experience dilution to your shareholding to the extent that we conduct future equity or convertible equity offerings. Such dilutions can adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

5. Political, Economic and Social Developments in India and acts of violence, war or natural calamities could adversely affect the business of our Company.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of

war, acts of terrorism and also natural calamities may adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

Our performance and the growth of our business are necessarily dependent on the performance of the overall Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates and adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy.

6. A slowdown in economic growth in India could cause our business to suffer.

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any significant change may adversely affect our business and financials.

7. A significant change in the Government of India's economic liberalization and deregulation policies or Key Industries Regulations could disrupt our business and cause the price of our Equity Shares to decline.

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. Also, any change in Key Industry Regulations as mentioned on Page No. 96 of this Prospectus can cause disruptions to our business and profitability.

8. Fluctuations in prices and availability of energy, freight and other operating inputs may affect our margins.

Energy usage in our production facilities represents one of our main production costs. In some cases, due to the basis for pricing in our sales contracts, or due to competitive markets, we may not be able to pass on to our customers the full amount of raw material price increases or higher energy, freight or other operating costs and this could reduce our profitability.

9. Post-issue volatility in prices of the scrip:

The price of our Company's equity shares in Indian Stock Exchanges may fluctuate after this Issue as a result of several factors, including:

- a. Volatility in the Indian and Global securities market;
- b. The results of operations and performance of our Company;
- c. Perceptions about our Company's future performance or the performance of other Indian companies in the same

industry;

- d. Performance of four Company's competitors in the industry and market perception of investments in the textile sector;
- e. Adverse media reports on our Company or on the industry;
- f. Change in the estimates of our Company's performance or recommendations by financial analysts;
- g. Significant development in India's economic liberalization and deregulation policies; and
- h. Significant development in India's fiscal and environmental regulations

10. Growing competition may adversely affect our operations

We operate in a globally competitive business environment. We face significant competition from countries such as China, which also have cheap labour and significant production capacities. We may also face competition from other established companies and future entrants into the industry. The growing competition may force us to reduce prices of our products, which may reduce our revenues and margins and/or decrease our market share, either of which could adversely affect our business, financial condition and results of operations.

2.3 PROMINENT NOTES

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

Pre Issue Net worth (Rs. in Lacs) (Based on audited accounts as re- stated on Sep. 30, 2010)	2211.98
Post Issue Net worth (Rs. in Lacs)	5811.98
Issue Size	Issue of 1,20,00,000 Equity Shares of Rs. 10/- each at Rs. 30/- (including share premium of Rs. 20/-) per Equity Share aggregating to Rs. 36,00,00,000/-(Rupees Thirty Six Crores only)
Cost Per Share to the Promoters and Promoters' Group	Rs. 15.77
Net Asset Value per share or Book Value (Based on Audited Accounts as restated on Sep. 30, 2010) (Face Value of Rs. 10/- per share)	Rs. 22.11

- Our Company its Promoters / Directors, Company's Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Company, group companies, associate companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them
- Investors are advised to refer to the paragraph entitled "Basis for Issue Price" beginning on Page No 56 of this Prospectus.
- The Lead Manager and our Company shall update this Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Prospectus and commencement of trading.
- Investors are free to contact the Lead Manager for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.
- In the event of over-subscription, allotment shall be made as set out in paragraph titled "Basis of Allotment" beginning on Page No. 203 of this Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. BSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- The Directors / Promoters of our Company have no interest in our Company except to the extent of remuneration and reimbursement of expenses (if applicable) and to the extent of any equity shares (of SPYL) held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding.
- No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report. For details please refer "Financial Information of our Company" starting from Page No. 126 this Prospectus.
- In the event of Issue being oversubscribed, the allocation shall be on a proportionate basis and for more details please refer "Issue Procedure" on Page No. 195 of this Prospectus.
- The details of transaction by our Company with the group companies during the last year 2009-10 and six months period ended September 30, 2010 are disclosed under "Related Party Transactions" in the Financial Information of our Company on Page No.126 of this Prospectus.

SECTION III: INTRODUCTION

3.1 INDUSTRY SUMMARY

INDIAN TEXTILE INDUSTRY

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 17 percent to the country's export earnings. It provides direct employment to over 35 million people, which includes a substantial number of SC/ST, and women. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven 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.

ORGANISED COTTON/ MAN-MADE FIBRE TEXTILES INDUSTRY

The Cotton/ Man-made fibre textile industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes & chemicals. As on 31.10.2009, there were 1834 cotton/man-made fibre textile mills (non-SSI) in the country with an installed capacity of 37.07 million spindles, 4, 89,718 rotors and 56,526 looms.

Textile production covering man-made fibre, filament yarn and spun yarn showed a minor setback in 2008-09. Man-made fibre production recorded a fall of about 15% and filament yarn production recorded a fall of about 6% during 2008-09. Blended and 100% non-cotton yarn production recorded a fall of about 4% during 2008-09.

Cloth production by mill sector showed an increase of 1% during 2008-09. During 2008-09 cloth production by handloom, power loom decreased by about 4% and 3%, hosiery sectors production increased by 2%. An overall cloth production has decreased by about 2% during 2008-09.

MAN-MADE STAPLE FIBRE AND FILAMENT YARN INDUSTRY

The production of man-made staple fibre industry which decreased by 14% in 2008-09 as compared to 2007-08 is expected to increase by 19% during 2009-10. The production of all the Man-made staple fibres except Polypropylene staple fibre is expected to record a positive growth in 2009-10 as compared to previous year. Viscose, Polyester and Acrylic staple fibre are expected to increase by 29%, 16%, 20% respectively while Polypropylene staple fibre is expected to decrease by about 6% in 2009-10.

The total production of man-made filament yarn is expected to increase by 7% during 2009-10. The production of viscose, nylon and polyester filament yarn are expected to increase by 1%, 6% and 8% respectively while for polypropylene filament yarn, is expected to decrease marginally by 1% during 2009-10. The installed capacity and details of production of man-made staple fibre and filament yarn are given in the below table.

Installed Capacity and Production of Man-Made Staple Fibre/Filament Yarn.

Type	No. of units	Installed Capacity (TPA)	Production (Mn. Kg)				
		30-12_2009(P)	2006-07	2007-08	2008-09(P)	2009-10 (Apr-Dec) (P)	2009-10 (P)
Staple Fibre							
Viscose	6	418.68	246.83	279.9	232.75	220.86	301
Polyester	15	1182.73	792	879.61	750.11	653.54	870.54
Acrylic	8	153	97.12	81.23	79.51	72.08	95.22
Polypropylene	3	8.7	3.52	3.43	3.43	2.37	3.24
Total	32	1763.11	1139.47	1244.17	1065.8	948.85	1270
Filament Yarn							
Viscose	7	80.1	53.99	51.07	42.42	32.02	42.86
Nylon #	11	32	32.25	27.62	28.07	22.4	29.66
Polyester ##	43	2013.49	1270.87	1420.14	1332.09	1081.48	1436.46
Polypropylene #	13	17.63	13.37	10.51	15.08	11.34	14.87
Total	74	2143.22	1370.48	1509.34	1417.66	1147.24	1523.85

*P = Provisional**# = The exclusive capacity of N.F.Y. and P.P.F.Y.**## = The Capacity under Broad Banding Scheme has been indicated against P.F.Y.***NATIONAL FIBRE POLICY**

The Report of the Working Group on Textiles & Jute Industry for the 11th Five Year Plan recommended consolidating the raw material base including cotton, wool, silk, Man Made Fibre, technical textiles and jute, to facilitate the growth process in the industry. Further, the High Level Committee on Manufacturing (HLCM) in June 2007, under the Chairmanship of the Prime Minister to consider, inter alia, the Action Plan for the growth of Textiles and Garments decided to formulate a Comprehensive Fibre Policy. It was held that man-made fibre sector required special attention as the fibre consumption was in the ratio of 57:43 between cotton and man-made fibres in contrast to the 40:60 ratio prevailing worldwide. HLCM felt that a long term Comprehensive Fibre Policy (natural & man-made) was required for steady availability of fibre.

Thus, in the above background and keeping in view the fact that the market economy and availability of fibre have been the determining forces in natural selection of production process, Minister of Textiles considered it imperative that a Comprehensive National Fibre Policy be devised as early as possible. Thus, he made a public announcement in June, 2009 regarding formulation of a 'National Fibre Policy', with a view to achieve a growth rate of 7 to 8% for the textiles industry.

In line with the announcement, a Working Group on National Fibre Policy was constituted on the 29th July, 2009, comprising Government organizations, Export Promotion Councils, Industry Associations and experts in the field

drawn from eminent institutions/ organizations. As decided in the Working Group meeting in September 2009, eight Sub -Groups on various fibres were formed to critically examine the relevant aspects and make recommendations to facilitate formulation of a comprehensive Fibre Policy. The issue is being pursued vigorously to put a policy in place as early as possible in consultation with all concerned stakeholders.

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\$ 55 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.

Milestones

- i. 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.
- ii. During 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 exports were of the order of US\$13.5 billion, US\$ 14.0 billion, US\$ 17.52 billion, US\$ 19.15 billion and US\$ 22.13 billion respectively, denoting an increase of 64% in last four years but declined by over 5% in 2008-09 with exports of US\$ 20.94 billion. The volume of exports, as compared to certain other countries, could not register a faster growth due to various reasons like constraints of infrastructure, high power and transaction cost, incidence of state level cess and duties, lack of state-of-the-art technology etc.

SCHEME FOR INTEGRATED TEXTILE PARKS (SITP)

The 'Scheme for Integrated Textile Parks (SITP)' is being implemented to facilitate setting up of textile units with appropriate support infrastructure. Industry Associations / Group of Entrepreneurs are the main promoters of the Integrated Textiles Park (ITP).

Scope of the Scheme

The Scheme targets industrial clusters/ locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost covers common infrastructure and buildings for production/ support activities, depending on the needs of the ITP. The components of an ITP are:

- (a) **Group A** - Land.
- (b) **Group B** - Common Infrastructure like compound wall, roads, drainage, water supply, electricity supply including captive power plant, effluent treatment, telecommunication lines etc.
- (c) **Group C** - Buildings for common facilities like testing laboratory, design center, training center, trade center/ display center, ware-housing facility/ raw material depot, crèche, canteen, workers' hostel, offices of service providers, labour rest and recreation facilities etc.
- (d) **Group D** - Factory buildings for production purposes.
- (e) **Group E** - Plant & machinery.

The total Project Cost for the purpose of this Scheme includes the cost on account of components of ITP, as listed under Groups A, B, C and D above, provided the ownership of the factory buildings vests with the SPV. The SPV has, however, have the option of seeking financial support from Government of India for components under Groups B and C only, if factory buildings are individually owned.

Source: Ministry of Textiles, Annual Report 2009-10

Textile Industry – A Statistical Overview

Item	Unit	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 [P]
Textile Mills (Non - SSI)							
Spinning Mills (Non-SSI)	No.	1564	1566	1570	1608	1597	1651*
Composite Mills (Non- SSI)							
Total	No.	1787	1789	1780	1808	1773	1828*
Exclusive Weaving Mills (Non-SSI)	No.	206	202	204	204	179	184
Spinning Mills (SSI)	No.	1135	1161	1173	1236	1219	1247*
Power loom Units	Lacs No.	4.13	4.26	4.34	4.4	4.69	
Capacity Installed							
Spindles (SSI +Non SSI)	Million No	37.03	37.47	37.51	39.5	39.07	41.3*
Rotors (SSI + Non SSI)	Lacs No.	4.82	5	5.2	6.01	6.21	6.57*
Looms (Organized Sector)	Lacs No.	1.05	1.03	0.92	0.88	0.71	0.56
Power loom	Lacs No.	18.37	19.03	19.44	19.9	21.06	
Handloom	Lacs No.	38.91	38.91	38.91	38.91	38.91	
Man-Made Fibers	Million	1101	1189	1191	1663	1659	
Man-made Filament	Million	1228	1337	1374	2053	2101	
Worsted Spindles (Woolen)	Thousand No.	604	604	604	604	604	
Non-Worsted Spindles (Woolen)	Thousand No.	437	437	437	437	437	
Production of Fibers							
Raw Cotton	Lacs	179	243	241	280	315	218.85*
Manmade Fiber	Million	953	1023	968	1139	1244	869.43*
Raw Wool	Million Kg	48.5	44.6	44.9	45.2	45.2	
Raw Silk	Million Kg	15.74	16.5	17.31	18.76	18.31	
Production of Yarn							
Cotton Yarn	Million Kg	2121	2272	2521	2823	2948	2406*
Other Spun Yarn	Million Kg	931	951	937	990	1055	833*
Manmade Filament Yarn	Million	1118	1109	1179	1370	1509	1161*
Fabric Production							
Cotton	Million Sr.Mtr.	18040	20655	23873	26238	27205	22475*
Blended	Million Sr.Mtr.	6068	6032	6298	6882	6888	5865*
100% Non-Cotton (Including Khadi, Wool and Silk)	Million Sr.Mtr.	18275	18691	19406	20269	21175	17982*
TOTAL		42383	45378	49577	53389	55268	46322*
Per Capita availability of Cloth	Sr.Mtr.	31.01	33.51	36.1	39.6	41.85	
Production of Textile Machinery	Million US	292.52	375.74	500.64	618.03	747.32	
Textile Exports and Imports							
Exports (Including Jute, Coir and Handicraft)	Million US	13532.04	14055.36	17553	19146.04	22130.3	15251.38#
Imports	Million US	2021.96	2239.4	2678.94	3838.98	3332.7	2775.87#

P: Provisional

* Figures upto January'09

Figures April-December'08

Source: www.txcindia.com

Source: Export and Imports: Foreign Trade Statistics of India (Principal Commodities and Countries)

BUSINESS SUMMARY: OUR BUSINESS

SHEKHAWATI POLY-YARN LIMITED was originally incorporated on November 5, 1990 as a Private limited company under the Companies Act, 1956 in the State of Maharashtra and a Certificate of Incorporation was obtained from the Asstt. Registrar of Companies, Maharashtra, Mumbai having a Certificate No. 11-58818/1990. Later, it was converted into a Public Limited Company vide Special Resolution on February 27, 2010 and a fresh Certificate for the same was obtained from the Registrar of Companies, Maharashtra, and Mumbai on April 19 2010.

THE MAIN OBJECTS OF OUR COMPANY:

To carry on the business of manufactures , producers, processors, bleachers, dyers, ginners, spinners, doublers, texturisers, crimpers, exporters, buyers, sellers of And dealers in yarn, fibers and fabrics whether synthetic Artificial or natural, nylon, polyester, acrylics, rayon silk, or fibrous materials an substitutes for all or any of them Wool combers, worsted spinners.

To purchase, comb, prepare, spin, dye, bleach, and deal in Artificial silk and other synthetic fibers and bankyarns, cotton, Flax, hemp, jute, wool silk and any fibrous substance.

To weave knit and otherwise manufacture, buy sell and Deal in artificial silk and other synthetic fibers and yarns, Linen, cloth and fabrics whether textile, felted, netted or Looped.

3.2 ISSUE DETAILS IN BRIEF

PRESENT ISSUE TO THE PUBLIC IN TERMS OF THIS PROSPECTUS	
Equity Shares Offered: Present Issue of Equity Shares by our Company	1,20,00,000 Equity Shares of Rs.10 each for cash at a price of Rs 30/- per share aggregating Rs. 3600.00 Lacs
Net Issue to the Public	1,20,00,000 Equity Shares of Rs.10 each for cash at a price of Rs 30/- per share aggregating Rs. 3600.00 Lacs
Equity Shares outstanding prior to the Issue	1,00,02,181 Equity Shares
Equity Shares outstanding after the Issue	2,20,02,181 Equity Shares
Objects of the Issue	Please refer Chapter to the title "Objects of the Issue" on Page No.44 of this Prospectus

3.3 SUMMARY OF CONSOLIDATED FINANCIAL, OPERATING AND OTHER DATA

The following summary of financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and restated as described in the Auditor's Report of our Statutory Auditors M/s Singrodia Goyal & Co. Chartered Accountants dated December, 1st 2010 in the section titled "Financial Information" of this Prospectus. You should read this financial data in conjunction with our financial statements for each of 31st March 2006, 2007, 2008, 2009 and 2010 and 6 months period ended 30th September 2010 including the Notes thereto and the Reports thereon, which appears under the paragraph on "Financial Information" in this Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements" on Page No. 164 of this Prospectus.

A. STATEMENT OF ADJUSTED ASSETS AND LIABILITIES (As Restated)

(Rs. in Lacs)

	Particulars		As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at Sept 30, 2010
A	<u>Fixed Assets:</u>							
	Gross Block		422.73	523.66	1,893.26	2,255.99	4,411.95	4,789.28
	Less : Depreciation		93.13	125.53	194.70	389.73	606.04	763.80
	Net Block		329.60	398.13	1,698.56	1,866.26	3,805.91	4,025.48
	Add: Capital Work in Progress (including capital advance)		38.00	25.00	294.48	64.50	269.51	588.80
	Total	A	367.60	423.13	1,993.04	1,930.76	4,075.42	4,614.28
B	Investments	B	-	-	-	-	5.03	5.00
C	<u>Current Assets, Loans & Advances</u>							
	Inventories		39.09	82.44	392.76	287.76	298.11	579.52
	Sundry Debtors		211.28	457.07	856.03	1,398.34	1,760.71	2,178.81
	Cash and Bank Balances		17.72	8.01	22.41	33.77	40.90	20.75
	Other Current Assets, Loans and Advances		83.77	157.17	342.45	503.47	852.57	1,111.54
	Total	C	351.86	704.69	1,613.50	2,223.34	2,952.29	3,890.62
D	<u>Liabilities & Provisions</u>							
	Secured Loans		381.35	596.91	2,280.16	2,467.94	3,988.37	5,345.96
	Unsecured Loans		36.00	96.12	135.00	127.71	415.00	414.53
	Current Liabilities and Provisions		7.44	120.83	176.45	111.80	375.92	334.32
	Total	D	424.79	813.86	2,591.61	2,707.45	4,779.29	6,094.81
E	<u>Deferred Tax Liability (net)</u>	E	14.43	21.71	50.86	111.54	183.67	203.11
F	Total (A+B+C-D-E)		280.24	292.25	964.22	1,335.11	2,069.78	2,211.98
G	<u>Represented by</u>							
	Share Capital		102.72	102.72	164.92	164.92	164.92	1,000.21
	Reserves and Surplus		177.52	189.53	799.30	919.19	1,130.61	1,211.77
	Share Application Money		-	-	-	251.00	774.25	-
	Less: Miscellaneous Expenses not written off/ adjusted		-	-	-	-	-	-
	Total		280.24	292.25	964.22	1,335.11	2,069.78	2,211.98

B. STATEMENT OF ADJUSTED PROFITS AND LOSSES (As Restated)**(Rs. in Lacs)**

Particulars	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at Sept 30, 2010
<u>Income</u>						
<u>Sales</u>						
Of Products Manufactured by the Issuer	810.11	1,562.67	3,251.72	7,762.95	8,937.11	5,757.46
Of Products Traded in by the Issuer	130.55	206.16	-	-	-	-
Net Sales	940.66	1,768.83	3,251.72	7,762.95	8,937.11	5,757.46
Other Income (Refer Annexure VII)	7.70	0.64	2.35	13.50	3.64	1.32
Increase /(Decrease) in Inventories	(6.56)	18.62	142.20	(25.34)	10.29	237.53
Total	941.80	1,788.08	3,396.26	7,751.11	8,951.04	5,996.31
<u>Expenditure</u>						
Materials Consumed/ Sold	797.15	1,529.22	2,853.83	6,377.00	7,249.22	4,819.95
Manufacturing Expenses	61.18	105.35	211.22	652.62	735.18	448.89
Staff Costs	11.79	21.01	38.53	64.49	64.75	52.69
Administrative, Selling & Other Expenses	11.20	15.87	16.72	32.91	74.21	82.60
Interest and other finance charges	16.54	46.15	98.02	250.37	262.60	206.64
Depreciation	20.69	49.83	79.54	195.16	218.09	157.49
Total	918.56	1,767.42	3,297.86	7,572.55	8,604.05	5,768.26
<u>Net Profit / (Loss) before tax</u>	23.25	20.66	98.41	178.56	346.99	228.05
Taxation (including Current, Deferred , FBT & MAT credit entitlement)						
- Current Tax	2.07	2.47	11.00	22.24	63.87	51.10
- Fringe Benefit Tax	0.20	0.32	0.45	0.45	-	-
- Deferred Tax Liability/(Assets)	7.87	7.28	29.15	60.68	72.13	19.44
-Add: MAT Credit Entitlement	-	-	-	(30.37)	(9.90)	-
Net Profit \ (Loss) after tax	13.11	10.59	57.81	125.56	220.89	157.51
Short /(Excess) Provision in respect of income tax for earlier years	(1.36)	-	0.71	1.04	0.13	-
Prior Period Items	-	-	(1.47)	7.09	-	(4.51)
Depreciation of earlier years	-	-	-	-	-	-
<u>Net Profit \ (Loss) after tax as per audited financial statements (A)</u>	14.47	10.59	58.57	117.43	220.76	162.02

Add/ (Less): Adjustments on account of restatements:[As per Annexure VI (Note C (6))]	(1.04)	1.43	(8.62)	8.27	4.48	(4.51)
Net Profit/(Loss) as restated (A + / (-) B)	13.43	12.02	49.95	125.69	225.24	157.51
Profit/(Loss) Available for Appropriation as restated	13.43	12.02	49.95	125.70	225.24	157.51
Appropriations:						
- Transferred to General Reserve	-	-	-	-	-	-
- Proposed Dividend	-	-	-	4.95	9.90	-
- Tax on Dividend	-	-	-	0.84	1.64	-
Total Appropriations	-	-	-	5.79	11.54	-
<u>Balance carried forward to Balance Sheet as restated</u>	13.43	12.02	49.95	119.91	213.70	157.51

C. ACCOUNTING RATIOS

Particulars	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at Sept 30, 2010
Net Profit Attributable to Equity Shareholders						
Earning Per Share (EPS) (Rs.) [a/b]						
- Basic [a/b] *	0.29	0.26	0.72	1.69	3.04	1.59
- Diluted [a/d] *	0.29	0.26	0.72	1.62	2.36	1.59
Return on Net Worth (%) [a/g %]	4.79%	4.11%	5.18%	11.59%	17.39%	7.12%
Net Asset Value Per Share (Rs.) [h/e]	7.28	28.45	8.47	65.74	78.56	22.11
Weighted Average No. of Equity Shares	4,622,355	4,622,355	6,959,516	7,421,355	7,421,355	9,889,049
No. of Equity Shares outstanding	1,027,190	1,027,190	1,649,190	1,649,190	1,649,190	10,002,181

Note:

Net Profit after tax adjustments [a]	13.43	12.02	49.95	125.70	225.24	157.51
Weighted Average No. of Equity Shares [b]	4,622,355	4,622,355	6,959,516	7,421,355	7,421,355	9,889,049
Total No. of Equity Share for Calculating Diluted EPS [d]	4,622,355	4,622,355	6,959,516	7,777,958	9,553,554	9,889,049
No. of Equity Shares at the end of the year/period [e]	1,027,190	1,027,190	1,649,190	1,649,190	1,649,190	10,002,181
Net Worth [g]	280.24	292.25	964.22	1,084.11	1,295.53	2,211.98
Net Asset [h]	280.24	292.25	964.22	1,084.11	1,295.53	2,211.98

i. Earnings per share (EPS) is calculated after adjusting for 57,72,165 bonus equity shares issued in the ratio 7 shares for every 2 shares issued vide resolution passed at the extra ordinary annual general meeting held on April 17, 2010, with retrospective effect as provided in Accounting Standard (AS-20) - Earning Per Share, issued by the Institute of Chartered Accountants of India.

ii. * For 30th September 2010 EPS & Diluted EPS is not annualized.

iii. Formula :

Earnings per Share (Rs.) =
$$\frac{\text{Net Profit attributable to equity shareholders}}{\text{Weighted Average number of equity shares outstanding during the period}}$$

Net Asset Value Per Share (Rs.) =
$$\frac{\text{Net Worth excluding revaluation reserve at the end of the period}}{\text{Total Number of equity shares outstanding at the end of the year/period}}$$

Return on Net Worth (%) =
$$\frac{\text{Net Profit after tax adjustments}}{\text{Net worth at the end of the year/period}} \times 100$$

Net Asset = Equity Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off

3.4 GENERAL INFORMATION

Our Company was originally incorporated in the name of "Shekhawati Poly-Yarn Pvt. Limited" as a private limited Company on November 5, 1990 under the Companies Act, 1956 and a certificate of Incorporation was obtained from the Addl. Registrar of Companies, Maharashtra, Mumbai. The name of our Company was changed to "Shekhawati Poly-Yarn Limited" vide Special Resolution adopted by members on February 27, 2010 and a fresh certificate of incorporation consequent to change in name was obtained on April 19, 2010 from the Registrar of Companies, Maharashtra, Mumbai.

The brief information for our Company is given below: -

Registered Office and Factory	<p>Registered Office 2, Anantwadi, Vaidya Bhawan, 1st Floor, Bhuleshwar, Mumbai -400002</p> <p>Factory Unit 1: Plot No 20, Sheetal Industrial Estate, Demini Road, Dadra, Dadra and Nagar Haveli, 396 191.</p> <p>Unit 2: Plot No 44, Government Industrial Estate, Masat, Samarwani, Dadra and Nagar Haveli, 396 230.</p> <p>Unit 3: Plot No 185/1, Narolli Village, Silvassa, Dadra and Nagar Haveli, 396 235</p>
Date of Incorporation	November 5, 1990
Company Registration No.	11 – 058818 / 1990
Company Identification No.	U17120MH1990PLC058818
Address of Registrar of Companies	Registrar of Companies, Maharashtra - 100, Everest, Marine Drive, Mumbai - 400 002, Maharashtra, India.
Name of the Stock Exchanges	Bombay Stock Exchange Limited National Stock Exchange of India Limited
Designated Stock Exchange	Bombay Stock Exchange Limited
	<p>Issue Opens on: December 27, 2010 Issue Closes on: December 29, 2010</p>

BANKERS TO THE COMPANY	CFO & COMPLIANCE OFFICER
<p>State Bank of India, Industrial Finance Branch The Arcade, 2nd floor, World Trade Centre Cuff Parade, Colaba Mumbai- 400 005 Tel: 022 –2215 4694 Fax: 022 – 2216 0926</p> <p>Shamrao Vithal Co-op Bank, Mandvi Branch, Anand Building, 82/84 Kazi Syed Street, Mandvi, Mumbai- 400 003 Tel: 022 – 2341 2433 Fax: 022 – 2342 0933</p>	<p>Mr. Shivratan Agarwal Unit No.210, Atlanta Industrial Estate, Near Durian, Behind Virani Industrial Estate, Goregaon, Mumbai – 400 063 Tel: 022 – 3256 7126 Fax:022 – 2875 5522 Email: ho@shekhawatiyarn.com</p>
LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
<p>Hem Securities Limited 14/15, Khatau Building 40, Bank Street, Fort Mumbai - 400 001 Tel: 022 – 2267 1543 / 44 Fax: 022 – 2262 5991 Web: www.hemonline.com Email: ipoinfo@hemonline.com Contact Person: <u>Mr. Rakesh Bhalla</u> SEBI Regn. No. INM000010981</p>	<p>Sharex Dynamic (I) Pvt. Ltd. Unit-1, Luthra Industrial Premises, 1st Floor, 44-E, M Vasanti Marg, Andheri-Kurla Rd, Safed Pool, Andheri (E), Mumbai – 400 072 Tel: 022 – 2851 5606 Fax: 022 – 2851 2858 Web: www.sharexindia.com Email: info@sharexindia.com Contact Person: <u>Mr. K.C. Ajitkumar</u> SEBI Regn. No. INR 000002102</p>
BANKERS TO THE ISSUE	AUDITORS OF THE COMPANY
<p>HDFC Bank Limited Lodha – I Think Techno Campus O-3 Level, Next to Kanjurmarg Railway Station Kanjurmarg (East) Mumbai- 400 042. Telephone: 022-3075 2928/ 093242 72185 Fax: 022-2579 9801 Email: deepak.rane@hdfcbank.com Website: www.hdfcbank.com</p> <p>IndusInd Bank Limited Cash Management Services, IBL House, 1st Floor, Cross "B" Road, MIDC, J. B. Nagar, Off Andheri - Kurla Road, Andheri (East), Mumbai – 400 059 Telephone: 022-6772 8721 Fax: 022-6641 2349 Email: prasanna.vaidyanathan@indusind.com Website: www.indusind.com</p>	<p>Singrodia Goyal & Co. Chartered Accountants A- 201, Rajshri Accord- 1, Telly Cross Lane, Off S.N. Road, Andheri (East) Mumbai- 400 069</p>

LEGAL ADVISOR TO THE ISSUE	GRADING AGENCY TO THE ISSUE
Mindspright Legal Office No. 9, 3rd Floor, 7/10, Botawala Building, Horniman Circle, Fort, Mumbai- 400 023 Tel: 022- 4002 0665 Fax: 022- 4002 0664 Web: www.mindspright.co.in	Credit Analysis & Research Ltd. 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai- 400 022 Tel. 022- 6754 3456 Fax: 022- 6754 3457 Web: www.careratings.com

Note: Investors can contact the Compliance Officer in case of any Pre-Issue or Post-Issue related problems such as non-receipt of letter of allotment or share certificates, credit of securities in depositories' beneficiary account or dispatch of refund orders etc.

Broker to the Issue

All members of recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Self-Certified Syndicate Banks ("SCSBs") as on date following banks are registered with SEBI for collection of ASBA forms –

1. Axis Bank Ltd
2. State Bank of Hyderabad
3. Corporation Bank
4. State Bank of Travencore
5. IDBI Bank Ltd.
6. State Bank of Bikaner and Jaipur
7. YES Bank Ltd.
8. Punjab National Bank
9. Deutsche Bank
10. Union Bank of India
11. HDFC Bank Ltd.
12. Bank of Baroda
13. ICICI Bank Ltd
14. Vijaya Bank
15. Bank of Maharashtra
16. State Bank of India
17. Andhra Bank
18. HSBC Ltd.
19. Kotak Mahindra Bank Ltd.
20. Bank of India
21. CITI Bank
22. IndusInd Bank
23. Allahabad Bank
24. Karur Vysya Bank Ltd.

25. The Federal Bank
26. Indian Bank
27. Central Bank of India
28. Oriental Bank of Commerce
29. Standard Chartered Bank
30. J P Morgan Chase Bank, N.A.
31. Nutan Nagarik Sahakari Bank Ltd.
32. UCO Bank
33. Canara Bank
34. United Bank of India
35. Syndicate Bank
36. South Indian Bank
37. Indian Overseas Bank

Further to the above-mentioned list of banks, all those banks registered with SEBI from time to time shall act as SCSBs for this Issue. Investors are requested to refer the SEBI website for updated list of SCSBs.

INTER-SE ALLOCATION

Hem Securities Ltd., being the sole Merchant Banker to the Issue shall be responsible for carrying out all the issue related responsibilities.

CREDIT RATING

As the Issue is of Equity Shares, credit rating is not required.

IPO GRADING

Our Company has appointed Credit Analysis & Research Ltd. (CARE) for Grading of this IPO CARE has assigned CARE IPO Grade 2 [Grade Two] CARE IPO Grade 2 [Grade Two] indicates below average fundamentals.

For details in relation to the Report of CARE furnishing rationale for the IPO please refer to the Annexure from Page No. 248 to 258 of this Prospectus. Special attention is drawn to the disclaimer of CARE appearing on Page No.258 of this Prospectus.

TRUSTEES

As the Issue is of Equity Shares, the appointment of trustees is not required.

MONITORING AGENCY

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 500.00 Crores. Since the Issue size is only of Rs. 36.00 Crores, our Company has not appointed any monitoring agency for this Issue.

However, as per the Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges upon listing of the equity shares and the Corporate Governance Requirements, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

UNDERWRITING

Underwriting being optional, this Issue is not being underwritten.

3.5 CAPITAL STRUCTURE

The Capital Structure of our Company and related information is set forth below:

Sr. No.	Particulars	Nominal Value (Rs.)	Aggregate Value (Rs.)
A	Authorised Capital		
	2,50,00,000 Equity Shares of Rs. 10/- each	25,00,00,000	25,00,00,000
B	Issued, Subscribed and Paid Up Capital		
	1,00,02,181 Equity Shares of Rs. 10/- each	10,00,21,810	10,00,21,810
C	Present Issue		
	1,20,00,000 Equity Shares of Rs. 10/- each at a premium of Rs.20/- per Equity Share	12,00,00,000	36,00,00,000
D	Net Offer to the Public in terms of this Prospectus		
	1,20,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 20/- per Equity Share	12,00,00,000	36,00,00,000
E	Paid Up Capital after the Issue		
	2,20,02,181 Equity Shares of Rs. 10/- each	22,00,21,810	22,00,21,810
F	Share Premium Account		
	Before the Issue*		5,59,46,558
	After the Issue*		29,59,46,558

*The IPO expenses amounting to Rs. 17,58,312 has been written off from share premium a/c.

CLASSES OF SHARES

Our Company has only one class of share capital i.e. Equity Shares of Rs. 10/- each.

3.6 NOTES TO CAPITAL STRUCTURE

1. Details of change in Authorized Share Capital of our Company

Date	From (Amount in Rs.)	To (Amount in Rs.)
On Incorporation	-	10,00,000
04/04/1994	10,00,000	1,00,00,000
20/02/2006	1,00,00,000	1,15,00,000
05/03/2007	1,15,00,000	2,00,00,000
05/08/2008	2,00,00,000	2,60,00,000
15/01/2010	2,60,00,000	11,00,00,000
11/06/2010	11,00,00,000	25,00,00,000

2. Build up History of Paid-up Capital of our Company

Date of Allotment/ Fully Paid up	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Consid- eration	Remarks	Cumulative No. of Equity Shares	Cumulative Paid up Share Capital (Rs.)	Cumulative Share Premium (Rs.)
05/11/1990	40	10	10.00	Cash	Subscription to Memorandum	40	400	Nil
30/03/1995	650250	10	10.00	Cash	Allotment	6,50,290	65,02,900	Nil
20/03/1996	289900	10	10.00	Cash	Allotment	9,40,190	94,01,900	Nil
30/03/2006	87000	10	100.00	Cash	Allotment	10,27,190	1,02,71,900	78,30,000
05/12/2007	482000	10	100.00	Cash	Allotment	15,09,190	1,50,91,900	5,12,10,000
31/03/2008	140000	10	100.00	Cash	Allotment	16,49,190	1,64,91,900	6,38,10,000
17/04/2010	57,72,165	10	-	-	Bonus out of Reserves	74,21,355	7,42,13,550	60,88,350
17/04/2010	25,80,826	10	30.00	Cash	Allotment	1,00,02,181	10,00,21,810	5,77,04,870

Note: The Issuer Company has used its Share Premium account on April 17, 2010 for the purpose of issuing Bonus shares.

3. Bonus Issue was made out of share premium account on April 17, 2010 as per details given below.

4. No Bonus Shares were issued out of reserves created from revaluation of assets during the last 5 years.

Date of Issue	Name of Allottees	Reason for Issue	No. of Shares Issued	Benefits accrued to the Company
April 17, 2010	To all shareholders as on the Record date.	Capitalization of Reserves & Profits through Bonus in the ratio of 2:7	57,72,165	NIL

5. We have not allotted any shares under Section 391 – 394 of the Companies Act, 1956.

6. We do not have any Employee Stock Option Scheme and have not issued any shares under the Employee Stock Option Schemes at any point of time.

7. We have allotted 25,80,826 equity shares of Rs. 10/- each at a premium of Rs. 20/- per share on April 17,

2010 against pending applications.

8. We have no intention to make a further issue of capital by way of issue of Bonus Shares, Preferential Allotment, Rights issue or Public Issue or in any other manner which will affect the equity capital of our Company during the period commencing from the filing of the Prospectus with the SEBI and the date on which the Equity Shares issued under this Prospectus are listed or application moneys are refunded on account of the failure of the Issue.
9. Promoters Capital Build-up

Name of the Promoter and Promoter Group	Date of Allotment / When made fully paid up	Consideration (Cash, Bonus, Kind, etc.)	Allotment/ Transfer	No. of Shares	Face Value	Issue Price*	% of Post-Issue Paid up capital	Lock-in Period
1. Mr. Mukesh Ruia	26/04/1993	Cash	Transfer	5	10/-	-	-	3 years
	30/03/1995	Cash	Allotment	30,100	10/-	10/-	0.14	3 years
	20/03/1996	Cash	Allotment	20,000	10/-	10/-	0.09	3 years
	5/8/1998	Cash	Transfer	30,000	10/-	-	0.14	3 years
	7/8/1998	Cash	Transfer	10,000	10/-	-	0.05	3 years
	9/8/1998	Cash	Transfer	54,895	10/-	-	0.25	3 years
	7/8/1999	Cash	Transfer	5,000	10/-	-	0.02	3 years
	31/3/2005	Cash	Transfer	25,000	10/-	-	0.11	3 years
	30/03/2008	Cash	Transfer	77,000	10/-	-	0.35	3 years
	29/6/2009	Cash	Transfer	3,43,660	10/-	-	1.56	3 years
	29/6/2009	Cash	Transfer	1,00,000	10/-	-	0.45	1 year
	17/4/2010	Nil	Bonus	24,34,810	10/-	-	11.07	3 years
	Sub Total			31,30,470	10/-		14.23	
2. Mr. Ram Niranjana Ruia	26/4/1993	Cash	Transfer	10	10/-	-	-	3 years
	30/03/1995	Cash	Allotment	40,000	10/-	10/-	0.18	3 years
	20/03/1996	Cash	Allotment	46,000	10/-	10/-	0.21	3 years
	7/8/1998	Cash	Transfer	52,515	10/-	-	0.24	3 years
	10/8/1998	Cash	Transfer	61,475	10/-	-	0.28	3 years
	31/03/2002	Cash	Transfer	90,015	10/-	-	0.41	3 years
	31/03/2003	Cash	Transfer	1,00,000	10/-	-	0.45	3 years
	31/03/2005	Cash	Transfer	10	10/-	-	-	3 years
	31/03/2006	Cash	Transfer	10	10/-	-	-	3 years
	31/03/2008	Cash	Transfer	10	10/-	-	-	3 years
	31/03/2009	Cash	Transfer	50	10/-	-	-	3 years
	29/06/2009	Cash	Transfer	1,24,910	10/-	-	0.57	3 years
	17/04/2010	Nil	Bonus	11,37,500	10/-	-	5.17	3 years
	Sub Total			16,52,505			7.51	
Transferred out of above holding of Ram Niranjana Ruia	4/1/2004			(1,89,995)			-0.86	
	31/03/2007			-10				
	Total			14,62,500			6.65	
GRAND TOTAL				45,92,970			20.88	

There are no shares pledged by the Promoters of our Company.

* Issue price relates to allotments made by the Company at various prices from time to time.

10. Share Holding pattern of our Company before and after the Issue

Sr. No.	Name of the Promoters	Pre-IPO No. of Shares	% of Total Shares	Post-IPO No. of Shares	% of Total Shares i.e. 2,20,02,181
1	Mr. Mukesh Ruia	31,30,470	31.30	31,30,470	14.23
2	Mr. Ram Niranjana Ruia	14,62,500	14.62	14,62,500	6.65
	Sub- Total (1)	45,92,970	45.92	45,92,970	20.88
	Name of the Promoters' Group				
3	SKI Buildcon Pvt. Ltd.	30,94,961	30.94	30,94,961	14.07
4	Altius Buildcon Pvt. Ltd.	17,79,997	17.80	17,79,997	8.09
5	Choice International Ltd	5,33,332	5.33	5,33,332	2.42
6	Sanjay Balwantrao Jogi	333	0.01	333	
7	Sunil Kumar	166		166	
8	Kamlesh Sharma	166		166	
9	Devilal Gurjar	166		166	
10	Bhagat Textile Engg	45		45	
11	Vivek Textile Limited	45		45	
	Sub- Total (2)	54,09,211	54.08	54,09,211	24.58
	Grand Total	1,00,02,181	100.00	1,00,02,181	45.46

11. During the past six months, there are no transactions in our Equity Shares, which have been undertaken / financed directly or indirectly by our promoter, his relatives and associates, persons in promoter group and our directors.
12. Promoters and Promoters' Group Holding and Lock-in Pursuant to SEBI (ICDR) Regulations, 2009 an aggregate of 20% of the post paid-up capital of our Company held by the Promoters and Promoters' Group shall be lock-in for a period of 3 years from the date of allotment in the issue or date of commencement of commercial production, whichever is later.

The details of such lock-in are given below:

Name of the Promoters or Promoters' Group	No. of shares- (Including Bonus Shares)	Face Value	Issue Price	% of Post Issue Capital	Lock-in Period
Mr. Mukesh Ruia	30,30,470	10	Rs. 10/-	13.77	3 years
Mr. Ram Niranjana Ruia	14,62,500	10	Rs. 10/-	6.65	3 years
Total	44,92,970			20.42	

CERTIFICATION:

WE CERTIFY THAT THE REGULATION 33 OF THE SEBI (ICDR) REGULATIONS, 2009 WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLES FOR COMPUTATION OF PROMOTERS' CONTRIBUTION HAS BEEN DULY COMPLIED WITH.

Note: The above equity shares which are being lock-in are eligible for computation of lock-in shares under Promoters and Promoters' Group category. Other than the above locked in shares, the rest of the Promoters and Promoters Group holding of 55,09,211 equity shares will be locked-in for a period of one year from the date of allotment in the Public Issue or date of commencement of commercial production, whichever is later.

Name of the Promoters or Promoters' Group	No. of shares	Face Value	Average Issue Price**	% of Post Issue Capital	Lock-in Period
SKI Buildcon Pvt. Ltd.	30,94,961*	10	-	14.07	1 Year
Mr. Mukesh Ruia	1,00,000	10	10.00	0.45	1 Year
Altius Buildcon Pvt. Ltd.	17,79,997	10	30.00	8.09	1 Year
Choice International Ltd	5,33,332	10	30.00	2.42	1 Year
Mr. Sanjay Jogi	333	10	10.00		1 Year
Mr. Sunil Kumar	166	10	10.00		1 Year
Mr. Kamlesh Sharma	166	10	10.00		1 Year
Mr. Devilal Gurjar	166	10	10.00		1 Year
Bhagat Textile Engg	45	10	10.00		1 Year
Viveklene Textiles Limited	45	10	10.00		1 Year
Total	55,09,211			25.03	

* includes bonus shares

** Issue price relates to allotments made by the Company at various prices from time to time.

The specific written consent has been obtained from the Promoters for inclusion of such number of their existing shares and further subscription in the Issue, if any, to ensure minimum Promoter's contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Equity Share Capital.

13. The Equity Shares forming part of Promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.
14. The securities which are subject to lock-in shall carry the inscription 'non-transferable' 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.
15. The Equity Shares held by persons other than Promoter may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
16. The Equity Shares to be held by the Promoter under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoter, which are locked in, may be transferred to and among Promoter Group or to a new Promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers)

Regulations, 1997 as applicable.

17. The Promoters, Directors and Lead Manager to the Issue have not entered into any buy-back, standby or similar arrangements with any person for any of the securities being issued through this Prospectus.
18. An over subscription to the extent of 10% of the net offer to the public can be retained for the purpose of rounding-off while finalizing the Basis of Allotment.
19. Since the entire application money is being called on application i.e. Rs.10/- on Face Value and Rs.20/- towards share premium, all the successful applications, shall be issued fully paid shares only.
20. As on the date of filing of this Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked for 3 years by the Promoters are not pledged to any party/Bank/FI. The Promoters may pledge the Equity Shares with banks or Financial Institutions as additional security for loan whenever availed by them from banks/Financial Institutions, provided that pledge of shares is one of the terms of sanction of loan. However, securities which are locked in for 3 years as minimum promoters' contribution may be pledged, only if, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue.
21. Details of top ten Shareholders of our Company:

a. The top ten shareholders as on the date of filing of the Prospectus with RoC

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of holding
1.	Mukesh R Ruia	31,30,470	31.30%
2.	SKI Buildcon Pvt. Ltd.	30,94,961	30.94%
3.	Ram Niranjana Ruia	14,62,500	14.62%
4.	Altius Buildcon Pvt. Ltd.	17,79,997	17.80%
5.	Choice International Limited	5,33,332	5.33%
6.	Sanjay Jogi	333	
7.	Devilal B Gurjar	166	
8.	Kamlesh Sharma	166	
9.	Sunil Kumar	166	
10.	Viveklene Textile Ltd.	45	
	Total	1,00,02,136	99.99%

The top ten shareholders 10 days prior to the date of filing of Prospectus with RoC 06/12/2010

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of holding
1.	Mukesh R Ruia	31,30,470	31.30%
2.	SKI Buildcon Pvt. Ltd.	30,94,961	30.94%
3.	Ram Niranjana Ruia	14,62,500	14.62%
4.	Altius Buildcon Pvt. Ltd.	17,79,997	17.80%
5.	Choice International Limited	5,33,332	5.33%
6.	Sanjay Jogi	333	
7.	Devilal B Gurjar	166	
8.	Kamlesh Sharma	166	
9.	Sunil Kumar	166	
10.	Viveklene Textile Ltd.	45	
	Total	1,00,02,136	99.99%

b. The Top Ten Share Holders as at two years prior to the registration of Prospectus with RoC 16/12/2008

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of holding
1.	Mukesh R. Ruia	2,52,000	15.28%
2.	Ramniranjan Ruia	2,50,145	15.17%
3.	Bhagat Textile Engineering	2,00,010	12.13%
4.	Ramniranjan Ruia(H.U.F)	1,64,905	10.00%
5.	Rajesh R. Ruia	1,50,000	9.10%
6.	Bimladevi Ruia	90,000	5.46%
7.	Kasturi Tower Limited	86,500	5.24%
8.	Brightstar Merchandise Ltd.	81,000	4.91%
9.	Neelkanth Suppliers Pvt. Ltd.	40,000	2.43%
10.	Kanyu Commercial Pvt. Ltd	35,000	2.12%
	Total	13,49,560	81.83%

22. The Lead Manager and their associates do not hold any shares of the Issuer Company.
23. There is no Employees Stock Option Scheme or Employees Stock Purchase Scheme of Issuer Company.
24. The total number of members of our Company as on date of filing of Prospectus with SEBI is 11.
25. Our Company has utilised short term loans of Rs. 337.53 Lacs, which has been applied towards the Objects of the Proposed Issue as stated on the Page No. 44 of the prospectus, to be repaid from the proceeds of the Issue.
26. The terms of Issue to Resident / Non-Resident Equity Shareholders have been presented under the "Issue Related Information" Section of this Prospectus on Page No. 192
27. The Promoters, Directors and Lead Manager to the Issue will not pay any amount, whether directly or indirectly and in cash or kind, in the nature of discount, commission, allowance or otherwise to any person for the subscription of this Initial Public Issue.
28. Our Company shall ensure that there will be only one denomination for Equity Shares of the Company
29. Our Company shall comply with such Disclosures and Accounting norms specified by SEBI from time to time.
30. A. The Pre-Issue and Post-Issue Shareholding Pattern of Promoters Group is as under:

Particulars	Pre-Issue		Post-Issue	
	No. of Shares Rs.10/- each	% Holding	No. of shares Rs.10/- each	% Holding
(a) Promoters	76,87,931	76.86	76,87,931	34.94
(b) Promoters Group including Bodies Corporate	23,14,250	23.14	23,14,250	10.52
(c) Companies in which 10% or more of the share capital is held by the Promoters/an immediate relative of the Promoters / a firm or HUF in which the Promoters or any one or more of his immediate relatives is a member	--	--	--	--

(d) Companies in which Company mentioned in (c) above holds 10% or more of the share capital	--	--	--	--
(e) HUF or firm in which the aggregate share of the Promoters and his immediate relatives is equal to or more than 10% of the total	--	--	--	--
(f) All persons whose shareholding is aggregated for the purpose of disclosing in the Prospectus as "Shareholding of the Promoters Group".	--	--	--	--
(g) Others	--	--	1,20,00,000	54.54
Total	10,002,181	100.00	22,002,181	100.00

31. As on the date of filing this Prospectus with SEBI, the entire share capital has been fully paid up.

IV PARTICULARS OF THE ISSUE

4.1 OBJECTS OF THE ISSUE

The objects of the Issue are as stated herein below:

- 1) To acquire Factory Building amounting to Rs.677.59 Lacs (Total Cost – Rs 700.00 Lacs)
(The Company had obtained a loan of Rs.22.41 Lacs for the Factory Building to be paid out of IPO Proceeds)
- 2) To acquire Corporate Office Building amounting to Rs.36.72 Lacs (Total Cost – Rs 325.00 Lacs)
(The Company had obtained a loan of Rs.288.28 Lacs for the Corporate Office Building to be paid out of IPO Proceeds)

To acquire additional new 30 Twisting Machines and installation of new 30 Knitting Machines. The resultant capacity of our Company would be as follows:

Activity	Existing (Already Installed)		Already Procured to be Installed (not Funded through IPO Proceeds)		Additional to be Funded through IPO Proceeds		Total	
	No of Machines	Capacity (MTPA)1	No of Machines	Capacity (MTPA)2	No of Machines	Capacity (MTPA)	No of Machines	Capacity (MTPA)
Twisting (TFO)	5	600	-	-	30	3,960	35	4,560
Knitting	-	-	-	-	30	1,980	30	1,980
Texturising	18	24,660	2	2,740	-	-	20	27,400

- 3) To repay loans aggregating to Rs.337.53 Lacs obtained for acquiring factory building, corporate office and payment towards issue expenses (as stated in objects serial no 1,2 & 4 above)
- 4) To meet IPO expenses of Rs. 274.27Lacs (Total Cost – Rs 300.00 Lacs)
(The Company had obtained a loan of Rs.25.73Lacs for the IPO expenses to be paid out of IPO Proceeds)
- 5) To meet working capital margin money requirements
- 6) To get the Equity Shares of our Company listed on BSE and NSE.

4.2 Requirement of Funds

The Company proposes to undertake the following activity: -

- Expansion of Twisting Division
- Establishing its Knitting Division.

No part of the proceeds of this issue will be paid as consideration to our promoters, directors, key managerial employees or group concerns/companies promoted by our promoters

A	COST OF THE PROJECT	Amount (Rs. in Lacs)
1	Land	Already Acquired
2	Factory Building	700.00
3	Corporate Office Building	325.00
	Sub Total 1	1,025.00
4	Plant and Machinery (Imported)	700.00
5	Plant and Machinery (Indigenous); Foundation, Erection and Commissioning	637.77
6	Electrical Installation	187.23
7	Laboratory, Testing and Other Equipment	200.00
	Sub Total 2	1,725.00
8	IPO Expenses	300.00
	Sub Total 3	300.00
9	Margin Money for Working Capital	550.00
	Sub Total 4	550.00
	Grand Total	3600.00
B	MEANS OF FINANCE	Amount (Rs. in Lacs)
	Equity Capital through IPO	3600.00

The Company obtained various loans aggregating Rs. 337.53 Lacs towards implementation of expansion cum diversification project, details of which are given under " Objects to the issue " on Page No 44 under " Sources of Financing of Funds, Already Deployed" under Page No 54 of this Prospectus , to be repaid out of the proceeds of the public issue.

DETAILED COST OF THE PROJECT

1. Land

Our Company is already having a piece of land where its existing production facilities are situated. Our Company purchased the said land in the year 9th April, 2009 which has an extant of around 12.00 acres and there is sufficient land available for the expansion of its knitting division. We therefore do not intend to purchase any land for the proposed expansion project.

2. Factory Building Construction

Shekhawati proposes to construct an additional floor in the existing building of 55,000 square feet and an administrative office admeasuring 10,000 square feet at a total estimated cost of Rs. 700.00 Lacs. For the same our Company has appointed Shreeji Construction as the civil engineers and construction contractors. The construction for the said premises has already commenced and the same is scheduled to be completed by March 2011.

A quotation dated 3rd February, 2010 for the above is obtained from M/s Shreeji Construction (Civil Engineers & Contractors); 124, Varub Complex, Opp. Reliance Super, Gunjan Area, Vapi (East)- 396 191. The said firm has estimated 250 days time to construct the above

Sr. No.	Stage	Time Period in Days	Cumulative Time Period
1	Levelling of Plot & Excavation	15	15
2	Footings	30	45
3	Plinth Beams & Plinth	15	60
4	10' ht. 1 Slab	15	75
5	16' ht. 1 Slab	30	105
6	20' ht. 1 Slab	15	120
7	30' ht. 1 Slab	15	135
8	32' ht. 2 Slab	30	165
9	Brick Work	15	180
10	Internal Plaster	15	195
11	External Plaster	15	210
12	Doors & Windows	10	220
13	Finishing	30	250
	Total	250	

3. Corporate Office

Our Company has also identified a corporate office at Malad, Mumbai with a total built up area of 4,455 square feet. The same is proposed to be occupied by January 2011 from issue proceeds. The estimated cost of the office Rs. 3.25 crores. The office will be an Administrative Office in Mumbai for the day to day operations of Shekhawati and its factories at Silvassa. Our Company currently operates through a smaller corporate office in Atlanta Industrial Estate, Goregaon (East), Mumbai.

4. Imported Plant and Machineries

Cost of Imported Plant and Machineries for which quotation has been received from Dragon Machinery Co. Ltd., No. 26-1, 5 Lin, Ney- Ding Li, Chung-Li City, Tao- Yuan County, Taiwan, RoC 320

Sr. No.	Particulars	Quantity	Total Cost (Rs. in Lacs)
1	Dragon Circular Knitting Machine Model YDDJSJ37.32" 20GG 96F with all standard accessories	30	675.00
Add: Spares			25.00
Total			700.00

The increase in the cost of imported machineries due to the exchange rate fluctuations will be met through contingencies. Further, in case of shortfall the same will be met through the internal accruals of our Company.

Description of the imported machineries

This is a 37 steps- Interlock Semi Jacquard knitting machine with following specification:

Dia: 30": 36"

Gauge: 18G~24G

Motor: 5 HP

RPM:10~20

The increase in the cost of imported machineries due to the exchange rate fluctuations will be met through contingencies. Further, in case of shortfall the same will be met through the internal accruals of our Company.

5. Indigenous Plants & Machineries

Cost of proposed Indigenous Plants & Machineries for which quotation has been received from Weavetech Engineers, Silvassa.

Sr. No.	Particulars	Quantity	Rate	Cost of Machinery (Rs. in Lacs)
1	408 Spindle 80 MM POT DIA two for one twister machine model Twister L1710 complete with drives and electrical	30	16,52,400	495.72
2.	120 Spindle cops winder machine model Windstar W 28 complete with drives and electrical	15	5,40,000	81.00
3.	Allu cops	25000	50	12.50
Taxes				48.55
Total				637.77

6. Electrical Installation

The charge for Electrical Installation is estimated at Rs. 187.23 Lacs by our management.

7. Cost of Laboratory Testing and Other Equipments

Cost of Laboratory Testing and Other Equipments is estimated at Rs. 200.00 Lacs by our management and shall be purchased by us from local vendors after placing the orders for the same.

8. IPO Expenses

Sr. No.	Description	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
1	Lead Manager's Fees	72.00	24%	2%
2	Registrar's Fees	15.00	5%	0.4%
3	Financial & Legal Advisor's Fees	80.00	27%	2%
5	IPO Grading Expenses	10.00	3%	0.3%
6	Printing, Stationary, Postage and dispatch	25.00	9%	0.7%
7	Issue advertisement and Publicity expenses	30.00	10%	0.8%
8	Other Expenses including SEBI, BSE , NSDL CDSL etc.	46.00	15%	1.3%
9	Contingencies	22.00	7%	0.6%
	Total	300.00	100%	8.1%

9. Margin Money for Working Capital

The working capital margin money requirement for the project is estimated at Rs. 550.00 Lacs which is based on the calculation for the first full year of operations i.e. 2010-11E. The working capital requirement has been worked out on the following assumptions given below:

					(Rs. in Lacs)
Sr. No.	Particulars	Days	Existing	For Project	Total
1	Inventories	24	407.90	313.01	720.91
2	Sundry Debtors	48	154.71	1113.03	2660.12
3	Sundry Debtors- Export	120		396.98	396.98
4	Loan, Advances and Deposits		890.15	-	890.15
5	Cash & Bank Balance		22.81	46.34	69.14
6	Other Current Assets		105.08	79.96	185.04
	Total Current Assets		2973.02	1949.32	4922.35
7	Sundry Creditors	9	352.01	-	352.01
8	Other Liabilities		91.07	-	91.08
9	Total Current Liabilities		443.08		
10	Net Current Assets (5 - 9)		2529.94	1949.32	4479.26
11	Installment due this year			491.35	491.35
12	Working Capital Gap		2529.94	1457.97	3987.90
13	Cash Credit Limit from Bank		1096.06	907.97	2004.00
14	Margin Money for Working Capital		1433.87	550.00	1983.87
	Working Capital from Public Issue			550.00	550.00

Assessment for Working Capital facilities

The raw material consists of Partially Oriented Yarn. It is generally procured from domestic suppliers, leading among them being Reliance Industries Limited, Indo Rama Synthetics Limited, Sanghi Polyester Limited, JBF Industries Limited, Garden Silk Mills Limited, etc. The estimated holding level at 15 and 24 days for the year 2009 and 2010 respectively and considered reasonable and in line with the past trend.

Stock of finished goods at 2 to 3 weeks approx. is in view of change of pattern of production and dispatch of completed orders. On an average the stock holding of finished goods is hovering around 10 – 25 days and is considered reasonable. Proposed Book debt level is as per market trend. Level of sundry creditors at 0 – 0.25 months is acceptable in view of Company is presently operating in a segment where credit purchases is limited. Stock of finished goods at 2 to 3 weeks approx. is in view of change of pattern of production and dispatch of completed orders. On an average the stock holding of finished goods is hovering around 10 – 25 days and is considered reasonable.

Proposed Book debt level is as per market trend. Level of sundry creditors at 0 – 0.25 months is acceptable in view of Company is presently operating in a segment where credit purchases is limited.

ADDITIONAL DISCLOSURES WITH REGARD TO LONG TERM WORKING CAPITAL REQUIREMENTS AS PER SUB-CLAUSE (A) (4) OF CLAUSE (VII) OF PART A OF SCHEDULE VIII OF SEBI (ICDR) REGULATIONS 2009.

a) Basis of Estimation of Working Capital :

Sr. No.	Particulars	Basis of Estimation
1	Inventory	Average No. of days raw materials, w-i-p and finished goods remain in stock
2	Debtors	Average No. of days required in realization of sales
3.	Cash & Bank Balance	Funds required to meet the short term requirements and meeting routine expenses
4	Other current Assets	Advances required to be given to the suppliers and other assets in normal course of business
5	Installment due	The installment of term loan taken to be repaid in ensuing year

The basis of calculation of details is as follows:

Particulars	Unit	Existing 2009-10	Proposed Post Project implementation (Estimates)
Texturising			
Total capacity (Per annum)	Kg.	13860000	25345000
Production	Kg	10672200	20276000
Sale Qty.	Kg	9706917	16540133
Rate	Rs. per Kg	83	87
Sale in Lacs	Rs.	8091	14 390
Twisting			
Total capacity (Per annum)	Kg	900000	2860000
Production	Kg	810000	2574000
Sale Qty.	Kg	810000	2574000
Rate	Rs. per Kg	106	108
Sale in Lacs	Rs.	846	2780
Knitting			
Total capacity	Kg	-	1980000
Production	Kg	-	981750
Sale	Kg		981750
Rate	Rs. per Kg		96
Sale in Lacs	Rs.	-	942.48
Material Cost		7253	14599
Total Sales		8937	18112
Domestic		8782	16301
Export		155	1811

b) Reasons for Raising Additional Working Capital:

Our Company has proposed to add following machines for utilization of funds raised through proposed public issue (as mentioned in Page No. 45 of prospectus) reproduced below:

Activity	Existing (Already Installed)		Already Procured to be Installed (not Funded through IPO Proceeds)		Additional to be Funded through IPO Proceeds		Total	
	No of Machines	Capacity (MTPA) 1	No of Machines	Capacity (MTPA) 2	No of Machines	Capacity (MTPA)	No of Machines	Capacity (MTPA)
Twisting (TFO)	5	600	-	-	30	3960	35	4,560
Knitting	-	-	-	-	30	1,980	30	1,980
Texturising	18	24,660	2	2,740	-	-	20	27,400

Due to increased operations long-term working capital is envisaged as part of the cost of project. The basis of calculation details are as follows

Sr. No.	Particulars	Additional Requirement (Rs. in Lacs)	Reason
1	Inventory (includes raw material, wip, finished goods, packing material & stores & repairs)	313.01	Inventory holding of 15 to 24 days is considered reasonable in our line of business. The plant is ideally located so far as raw materials are concerned. The major raw materials suppliers are in close proximity to the plant which would drastically reduce the inventory holding period to a mere approx. 15 days to finance the additional sales of Rs. 9175 and the incremental material cost of Rs. 7346.
2	Sundry debtors	<u>Domestic</u> 1113.03 <u>Export</u> 396.08	Receivable turnover period of 55 to 65 days for domestic sales and 75 to 90 days for export sales is considered reasonable in our line of business. We have taken approx. 53 days for domestic and approx. 86 days for export sales for our estimates.
3.	Cash & Bank balance	46.34	Cash & Bank balance requirements increases with increase in size of the company. To manage the additional business and routine activities the company require additional cash balance
4	Other Current assets	79.96	To meet the increased requirement on account of additional capacity.

c) Details of Working Capital Requirements for the Project:

Sr. No	Particulars	No. of Days	Amount (Rs. in Lacs)	
1	Inventories	15		313.01
	Raw Material	8	161.93	
	WIP	2	53.92	
	Finished goods	5	91.31	
	Packing Material	-	4.40	
	Stores & Spares	-	1.45	
2	Sundry Debtors			1113.03
3	Sundry Debtors for export			396.98
4	Cash & Bank Balance			46.34
5	Other Current Assets			79.96
	Total Current Assets			1949.32
	<u>Sundry Creditors & other liabilities</u>			
6	Installment due within a year			491.35
	Total Current Liabilities			491.35
7	Net Current Assets (Working Capital Gap)			1457.97

d) Total Envisaged Working Capital Requirements In Tabular Form Is As Under:

Sr. No	Particulars	Amount (Rs. in Lacs)
1	Inventories	313.01
2	Sundry Debtors	1113.03
3	Sundry Debtors for export	396.98
4	Cash & Bank Balance	46.34
5	Other Current Assets	79.96
	Total Current Assets	1949.32
	<u>Sundry Creditors & other liabilities</u>	
6	Installment due within a year	491.35
	Total Current Liabilities	491.35
7	Net Current Assets (Working Capital Gap)	1457.97

Required Working Capital To Be Financed By:

S. No	Particulars	Amount (Rs. in Lacs)
1	Cash Credit Limit from bank	907.97
2	From Public issue	550.00

e) Perspective on Present Working Capital Position vis-à-vis the Projected One as per Prospectus:**(Rs. in Lacs)**

Sr. No.	Particulars	Existing	For Project	Total
1	Inventories	407.90	313.01	720.91
2	Sundry Debtors	1547.08	1113.03	2660.12
3	Sundry Debtors- Export		396.98	396.98
4	Loan, Advances and Deposits	890.15	-	890.15
5	Cash & Bank Balance	22.81	46.34	69.14
6	Other Current Assets	105.08	79.96	185.04
	Total Current Assets	2973.02	1949.32	4922.35
7	Sundry Creditors	352.01	-	352.01
8	Other Liabilities	91.07	-	91.08
9	Total Current Liabilities	443.08		
10	Net Current Assets (5 - 9)	2529.94	1949.32	4479.26
11	Installment due this year		491.35	491.35
12	Working Capital Gap	2529.94	1457.97	3987.90
13	Cash Credit Limit from Bank	1096.06	907.97	2004.00
14	Margin Money for Working Capital	1433.87	550.00	1983.87
	Working Capital from Public Issue		550.00	550.00

Notes:

- 1.) No. of Days in Inventory holding in proposed project is taken at 15 days due to increase in efficiency.
- 2.) Amount of Receivables has been envisaged taking into consideration an average holding period of 54 days for domestic sales and 87 days for export sales for the proposed project.

f) Details of Working Capital and Source of Finance as on 30/09/2010.

Sr. No	Particulars	Amount (Rs. in Lacs)
1	Inventories	
	Raw Material (Rs in Lacs)	174.83
	WIP (do)	125.86
	Finished goods (do)	260.06
	Packing Material (do)	13.27
	Stores & Spares (do)	5.50
2	Sundry Debtors	2178.81
3	Sundry Debtors for export	Nil
4	Cash & Bank Balance	20.75
5	Loans, Advances & Deposits	1129.01
6	Other Current Assets	317.28
	Total Current Assets	4225.37
7	Sundry Creditors & other liabilities	334.19
	Total Current Liabilities	334.19
8	Net Current Assets	3891.18
9	Working Capital Gap	3891.18
10	Cash Credit Limit from Bank	1972.38
11	Own Funds	1918.80

4.3 MEANS OF FINANCE

Our Company is planning to raise Rs. 3600.00 Lacs through the proposed Initial Public Offer it does not envisage borrowing for the purpose of this project.

Sr. No.	Cost of the Project	Amount (Rs. in Lacs)	Means of Finance
1	Land	Already acquired	
2	Factory Building Shed	700	Through IPO
3	Corporate Office	325	Through IPO
4	Plant & Machinery	1,337.77	Through IPO
5	Electrical Installations & Misc. Fixed Assets	387.23	Through IPO
6	IPO Expenses	300	Through IPO
7	Margin for Working capital	550	Through IPO
	Total	3600	

* The Company obtained various loans aggregating Rs 337.53 Lacs towards implementation of expansion cum diversification project, details of which are given under " Objects to the Issue" on Page No 44 and under " Sources of Financing of Funds, Already Deployed" under Page No 54 of this Prospectus, to be repaid Out of the proceeds of the public issue.

4.4 PROJECT SCHEDULE

Sr. No.	Activities	Expected Completion Date
1	Purchase of Land	Already Acquired
2	Construction of factory buildings	March 2011
3	Corporate Office	January 2011
4A	Placement of Orders for Plant and Machinery (Twisted machines & Knitting)	January 2011
4B	Placing Orders for Lab Equipments	February 2011
5A	Delivery of Plant and Machinery (Twisted machines & Knitting)	February 2011
5B	Delivery of Lab Equipments at Factory	March 2011
6	Erection and Commissioning	March 2011
7	Electrical Installation	February 2011
8	Trial Production	March 2011
9	Commercial Production	April 2011

4.5 FUNDS DEPLOYED

As on 31st October, 2010, our Company has incurred a total cost of Rs. 337.53 Lacs on the project. The same has been certified by M/s Churiwala & Co., Chartered Accountants vide their certificate dated 6th December, 2010.

Sr. No.	Particulars	Amount (Rs in Lacs)
1	Factory Building	22.41
2	Corporate Building	288.28
3	Issue Expenses	25.73
4	Advance for 30 TFO Machines	1.11
	Total	337.53

4.6 SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

Our Company has arranged short term loans of Rs. 337.53 Lacs, which has been applied towards the Objects of the Proposed Issue to be repaid from the proceeds of the Issue.

S.No	Lenders name	Interest rate (annual)	Outstanding as on 31 st may 2010 (Rs. in Lacs)	Agreement
1	Reliance Capital Ltd *	11% (Floating)	280.21	Yes
2	Viveklene Industries Ltd.	18% (Fixed)	37.32	No
3	Viveklene Industries Ltd.	18% (Fixed)	20.00	No
		Total	337.53	

* Company has taken term loan from Reliance Capital Limited for purchasing new Corporate Office as part of expansion cum diversification project of unit 3, which is being funded through proposed Public Issue. The Board of the Company while taking the loan had resolved in Board Meeting dated January 22, 2010 that the term loan shall be prepaid out of the proceeds of IPO and will form part of expansion cum diversification project.

4.7 DETAILS OF BALANCE FUND DEPLOYMENT

The quarter-wise break-up of proposed deployment of funds is mentioned below:

(Rs. in Lacs)								
Sr. No.	Particulars	Quarter ended Jun-10	Quarter ended Sep-10	Quarter ended Dec-10	Quarter ended Mar-11	Quarter ended Jun-11	Quarter ended Sep-11	Total
1.	To increase the volume of production in the Texturising division and setting up knitting division through capacity expansion							
a.	Acquisition of Land	Already acquired						
b.	Construction of Building	19.35	3.06	-	677.59	-	-	700.00
c.	Corporate Office	236.44	51.84	-	36.72	-	-	325.00
d.	Plant & Machinery	-	1.11	-	1323.89	-	-	1325.00
e.	Laboratory Equipment and Electrical installation	-	-	-	200.00	-	-	400.00
f.	Contingencies	-	-	-	-	-	-	-
	Total	255.79	56.01	798.89	1639.31	-	-	2750.00
2.	Meeting working capital requirements	-	-	-	550.00	-	-	550.00
3.	Issue Expenses	16.39	9.34	274.27	-	-	-	300.00
	Total	272.18	65.35	1073.16	2189.31	-	-	3600.00

4.8 INTERIM USE OF FUNDS

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing deposits with banks for the necessary duration. In case the Issue does not go as planned or there is any shortfall in the issue proceeds, we will make alternative arrangements like availing of fresh loans and/or internal accruals to meet the shortfall, if any.

Monitoring of issue proceeds

Our Audit Committee will also monitor the utilization of the Issue proceeds. We will disclose the utilization of the Issue proceeds under separate head in our Balance Sheet for the Financial Year 2011-12.

4.9 BASIC TERMS OF ISSUE

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

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

Pursuant to the resolution passed by the Board of Directors of our Company at its meeting held on 20th April 2010 and the shareholders' approval obtained at its Extra Ordinary General Meeting dated 14 May 2010 it has been decided to make the following offer to the public.

Face Value	Each Equity Share shall have the face value of Rs. 10/- each.
Issue Price	Each Equity Share is being offered at a price of Rs. 30/- each.
Market Lot and Trading Lot	The Market lot and Trading lot for the Equity Share is 1 (One) and the multiple of 1; subject to a minimum allotment of 200 Equity Shares to the successful applicants.
Terms of Payment	100% of the issue price of Rs. 30/- shall be payable on Application. For more details please refer Page No.204 of this Prospectus.
Ranking of the Equity Shares	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

MINIMUM SUBSCRIPTION

If we do not receive the minimum subscription of 90% of the Issue to the Public, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Our Company undertakes that:

(i) "If the Company does not receive the minimum subscription of ninety per cent of the offer through offer document on the date of closure of the Issue, or if the subscription level falls below ninety percent after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, our Company shall forthwith refund the entire subscription amount received."

(ii) "If the Company fails to refund the entire subscription amount within ten days from the date of the closure of the issue, it is liable to pay the amount with interest to the subscribers at the rate of fifteen percent per annum for the period of delay."

4.10 BASIS FOR THE ISSUE PRICE

Investors should read the following summary along with the Sections titled "Risk Factors" and "Financial Information" beginning on Page No. 7 and 126 respectively of this Prospectus, and other details about our Company included in the Section titled "History and Corporate Structure of the Issuer Company" beginning on Page No. 106 of this Prospectus.

1. Adjusted Basic Earnings Per Share (EPS)

	EPS (Rs)	Weight Used
2007 – 2008	0.72	1.00
2008 – 2009	1.69	2.00
2009-2010	3.04	3.00
6 months ended 30th September 2010*	1.59	
Weighted Average	2.20	

* Source: Auditors Report

* Not Annualised

2. Adjusted Diluted Earnings Per Share (EPS)

	EPS (Rs)	Weight Used
2007 – 2008	0.72	1.00
2008 – 2009	1.62	2.00
2009-2010	2.36	3.00
6 months ended 30th September 2010*	1.59	
Weighted Average	1.84	

* Source: Auditors Report

3. Price Earnings Ratio (P/E Ratio) in relation to the Issue Price of Rs. 30/- per equity share.

Particulars	P/E Ratio
Based on Financial Year ended March 31, 2010	9.87
Based on Weighted Average EPS	13.64
Industry P/E	
Highest –	20.1
Lowest –	2.50
Average	11.30

* Sources: Capital Market Nov 29- Dec 12, 2010

4. Return on Net Worth in the last three years

Financial Year	Return on Net Worth (%)	Weight Used
2007 – 2008	5.18%	1.00
2008 – 2009	11.59%	2.00
2009-2010	17.39%	3.00
6 months ended 30th September 2010	7.12%	
Weighted Average	13.42%	

Minimum Return on Post-Issue Net Worth to maintain EPS at Rs. 3.04 (Pre- Issue EPS for March 31, 2010) is 11.50% Minimum Return on Post-Issue Net Worth to maintain EPS at Rs. 2.20 (Pre- Issue Weighted Average EPS for the period ended March 31, 2008 to period ended March 31, 2010) is 8.34% .

Note: Share capital calculated on the basis of the outstanding weighted average number of shares.

5. Net Asset Value (NAV) Per Equity Share (Pre-Issue)

Financial Year	Net Worth (Rs. in Lacs)	No. of Shares	NAV (Rs.)
2007 – 2008	964.22	16,49,190	58.47
2008 – 2009	1084.11	16,49,190	65.74
2009-2010	1295.53	16,49,190	78.56
As on Sept 30, 2010	2211.98	10,02,181	22.11

* Source: Auditors Report

6. Net Asset Value (NAV) Per Equity Share (Pre-Issue) and comparison thereof with after issue NAV along Issue Price

Net Asset Value	Rs.
As at Sept 30, 2010	22.11
After Issue	26.42
Issue Price	30.00

7. Comparison of accounting ratios of the Company with the Accounting Ratios of the Peer Group as at March 31, 2010

Company Name	Equity (Rs. in Crores)	NAV (Rs.)	EPS (Rs.)	P/E Ratio
Filatex India Ltd.	17.14	55.80	10.20	4.5
Century Enka Limited	21.85	266.60	31.80	6.80
Sumeet Industries Limited**	39.99	17.60	4.70	5.70
Shekhawati Poly- Yarn Limited	1.64*	78.42	3.04	9.87

Sources: Capital Market Nov29- Dec 12, 2010

* Not Annualized

All financial ratios of the issuer company as well as its peer group are on standalone basis.

** Unaudited figures

CONCLUSION

The Company in consultation with the Lead Manager believes that the issue price of Rs. 30/- per equity share for the Public Issue is justified in view of the above parameters. The Investors may also want to peruse the Risk Factors and Financials of our Company including important Profitability and Return Ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.

The Face Value of the Equity Shares is Re. 10/- per share and the Issue Price is 3 times of the face value i.e. Rs. 30/- per share.

4.11 Tax Benefits

To,
The Board of Directors,
Shekhawati Poly-Yarn Limited,
2nd Anant Wadi, 1st Floor,
Vaidya Bhawan, Bhuleshwar,
Mumbai – 400 002.

We hereby report that the enclosed annexure state the possible tax benefits available to ***Shekhawati Poly-Yarn Limited*** (the "Company") and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the share offered for subscription and the shares offered for sale by the Selling Shareholders. 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:

(i) the Company or its shareholders will continue to obtain these benefits in future;

or

(ii) the condition prescribed for availing the benefits have been / would be met with. The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For Singrodia Goyal & Co.

Chartered Accountants

Shivratan Singrodia

Partner

Mem. No. 109271

Place: Mumbai

Date: 04/12/2010

Annexure :

Statement of possible tax benefits available to ***Shekhawati Poly-Yarn Limited***, and to its Shareholders.

As per the existing provisions of the Income Tax Act, 1961 (the Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to the Company and its shareholders.

I. Key benefits available to the Company—**A. Dividend Income**

As per section 10(34) of the Act, any income by way of dividends (both interim and final) referred to in Section 115-O of the Act received by the Company on its investment in the shares of any domestic company shall be exempt from tax. Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act.

B. Capital Gains

Capital Assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India or units of UTI and specified Mutual Fund/zero coupon Bonds are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of such long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of such assets held for a period of 12 months or less are considered as 'short-term capital gains'.

As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of long term capital asset being equity share in a company or unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, shall be exempt from tax in the hands of the Company.

For this purpose, "equity oriented fund" means a fund –

- (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
- (ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of bonds and debentures (other than capital indexed bonds issued by the Government).

As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of Twenty percent (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act. However, under the proviso to Section 112 (1), if the tax on long-term capital gains arising on transfer of listed securities or units or zero coupon bonds computed at the rate of Twenty per cent (plus applicable surcharge on tax and education cess), after availing the benefit of indexation exceeds, the tax on the long-term capital gain computed at the rate of ten per cent (plus applicable surcharge on tax and education cess) without availing the benefit of indexation, then such excess tax is ignored for the purpose of computing the tax payable on the capital gains.

As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share transacted through a recognized stock exchange or a unit of an equity oriented fund in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of fifteen percent (plus applicable surcharge and education cess).

Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gains of the said year. Balance loss, if any, can be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains.

Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains only. Balance loss, if any, can be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

As per section 54EC of the Act and subject to the conditions and limit specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money. The bonds presently specified under this Section are bonds issued by National Highway Authority of India (NHAI) and Rural Electrification Corporation Ltd. (REC). Investment in these bonds cannot exceed Rs. 50 Lacs during any financial year.

C. Depreciation / Business Loss

(i) The Company shall be entitled to claim depreciation on tangible and intangible assets owned by it and used for the purposes of its business as provided in Section 32 of the Act.

(ii) In case of any new plant and machinery (other than ships and aircrafts) that will be acquired and installed by the company in the business of manufacture or production of any article or thing, the company will be

entitled to additional depreciation equal to 20 % of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.

(iii) Unabsorbed depreciation can be carried forward to future years for set off against subsequent year's income.

(iv) Business losses can be carried forward for eight succeeding assessment years for set off against subsequent business profits.

D. Preliminary Expenses

The Company shall be eligible for amortization of preliminary expenditure as specified in section 35D of the Act being expenditure on public issue of shares, subject to meeting the conditions and limits specified in that section.

E. Security Transaction Tax (STT) allowed as deductible expenditure

In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession" as per the provisions of section 36(xv) of the Act.

F. Minimum Alternate Tax

As per the section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating "book profits" under the provisions of section 115JB of the Act and will be required to pay Minimum Alternate Tax ("MAT") at the rate of eighteen percent (plus applicable surcharge and education cess) of the book profits determined (if the income-tax payable as per normal provisions of the Act is less than eighteen percent of the book profits). Further, in accordance with section 115JAA, MAT credit will be available to the Company for next succeeding ten years subject to fulfillment of certain conditions prescribed in the said section.

II. Key benefits available to the Resident Shareholders of the Company:

A. Dividend Income

As per section 10(34) of the Act, any income by way of dividends (both interim and final) referred to in Section 115-O of the Act, received on the shares of the Company shall be exempt from tax. Section 94(7) of the Act provides that losses arising from sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date will be disallowed to the extent dividend on such shares claimed as tax exempt by the shareholder.

B. Capital Gains

Benefits outlined in paragraph I-(B) above, mutatis mutandis are also available to resident shareholders, in respect of capital gains derived from sale of shares of the Company. In addition to the same, the following benefits are also available to the resident shareholders:

As per section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net sales consideration from such shares is used for purchase of a residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of a residential house property within a period of three years after the date of transfer, provided that the individual / HUF should not own more than one residential house other than the new residential house on the date of transfer. If residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

C. Security Transaction Tax (STT) allowed as deductible expenditure

In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession" as per the provisions of section 36(xv) of the Act.

D. Minimum Alternate Tax

As per the section 115JB, the Corporate investor will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating "book profits" under the provisions of section 115JB of the Act and will be required to pay Minimum Alternate Tax ("MAT") at the rate of eighteen percent (plus applicable surcharge and education cess) of the book profits determined (if the income-tax payable as per normal provisions of the Act is less than eighteen percent of the book profits). Further, in accordance with section 115JAA, MAT credit will be available to the Company for next succeeding ten years subject to fulfillment of certain conditions prescribed in the said section.

III. Key benefits available to Non-Resident Indians / Non Resident Shareholders (Other than FIIs and Foreign venture capital investors).

A. Dividend Income:

As per section 10(34) of the Act, any income by way of dividends (both interim and final) referred to in Section 115-O of the Act received on the shares of the Company shall be exempt from tax. Section 94(7) of the Act

provides that losses arising from sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date will be disallowed to the extent dividend on such shares claimed as tax exempt by the shareholder.

B. Capital Gains:

Benefits outlined in Paragraph II (B) above mutatis mutandis are also available to a non-residents / non-resident Indian shareholder except that under first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure 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 is not available to non-resident shareholders.

C. Special Provisions relating to Certain Income of Non- Resident Indians:

As per Section 115C (e) of the Act, a 'Non-Resident Indian' means an individual, being a citizen of India or a person of Indian origin who is not a 'resident'. As per the Explanation to the said section, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India. Under section 115-I of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

- (i) As per 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be taxed at the flat rate of ten percent (plus applicable surcharge and education cess) (without indexation benefit but with protection against foreign exchange fluctuation).
- (ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets or savings certificates referred to in section 10(4B) of the Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
- (iii) As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- (iv) As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income, for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

D. Tax Treaty benefits:

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

E. Security Transaction Tax (STT) allowed as deductible expenditure

In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession" as per the provisions of section 36(xv) of the Act.

F. Minimum Alternate Tax:

As per the section 115JB, the Corporate Investor will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating "book profits" under the provisions of section 115JB of the Act and will be required to pay Minimum Alternate Tax ("MAT") at the rate of eighteen percent (plus applicable surcharge and education cess) of the book profits determined (if the income tax payable as per normal provisions of the Act is less than eighteen percent of the book profits). Further, in accordance with section 115JAA, MAT credit will be available to the Corporate Investor for next ten years subject to fulfillment of certain conditions prescribed in the said section.

IV. Key benefits available to Foreign Institutional Investors (FIIs)

A. Dividend Income:

As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act received on the shares of the Company shall be exempt from tax.

B. Capital Gains:

As per section 10(38) of the Act, long term capital gains arising to the FIIs from the transfer of a long term capital asset being an equity share in the Company where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.

As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30
Short term capital gains covered in section 111A	15

The above tax rates will have to be increased by the applicable surcharge and education cess. In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

As per section 54EC of the Act and subject to the conditions and limit specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money. The bonds presently specified under this Section are bonds issued by National Highway Authority of India (NHAI) and Rural Electrification Corporation Ltd. (REC). Investment in these bonds cannot exceed Rs. 50 Lacs during any financial year.

C. Security Transaction Tax (STT) allowed as deductible expenditure

In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession" as per the provisions of section 36(xv) of the Act.

D. Tax Treaty benefits:

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

V. Key benefits to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made 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 such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

VI. Benefits to shareholders of the Company under the Wealth Tax and Gift Tax Acts

- A. Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.
- B. Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares of the company is not liable to gift tax. However, as per the provisions of section 56 of the Act, the same will be treated as income in the hands of the donee unless the gift is from a relative as defined in section 56 (2)(vi) of the Act.

Notes:

- 1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2010.
- 2. All the above benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
- 3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- 4. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme.
- 5. A shareholder is advised to consider in his / her / its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

SECTION V: ABOUT OUR COMPANY

5.1 INDUSTRY OVERVIEW

INDIAN TEXTILE INDUSTRY

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 17 percent to the country's export earnings. It provides direct employment to over 35 million people, which includes a substantial number of SC/ST, and women. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven 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.

(Source: Annual Report of Ministry of Textiles 2009-10)

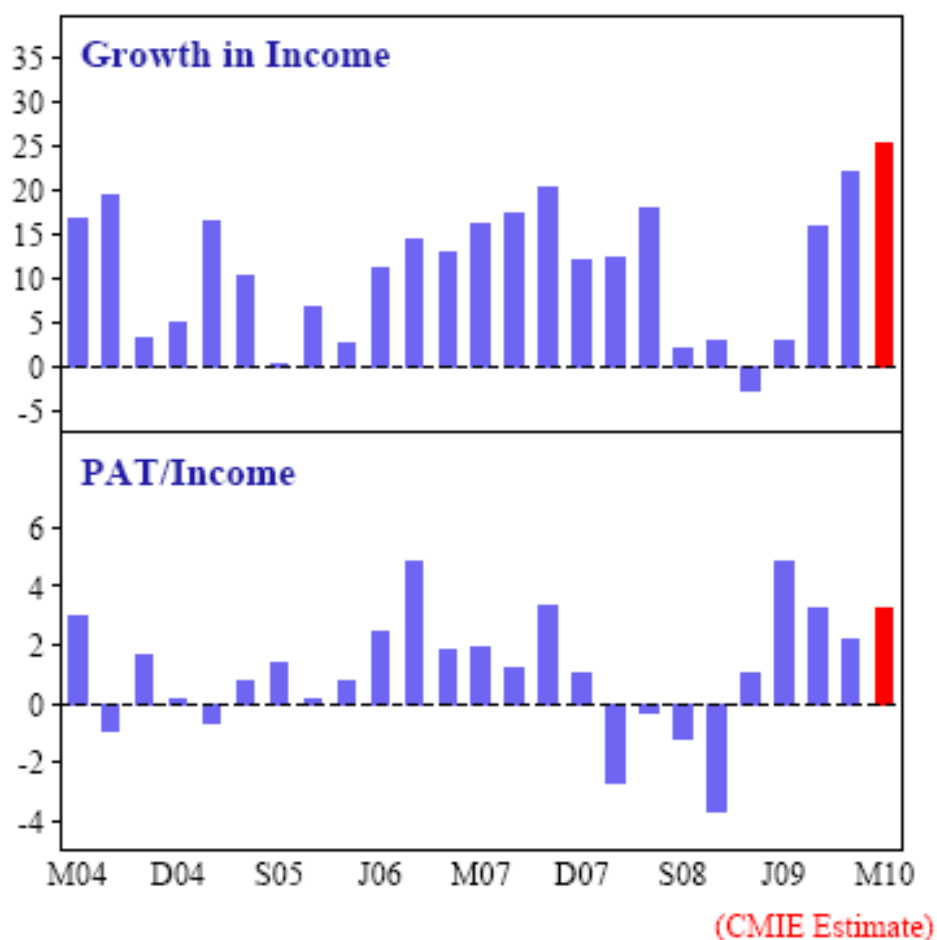
Man-made fibers industry to see healthy production and sales growth in 2010-11

The revival in demand for apparels led to a pick-up of the entire value chain of the textiles industry in 2009-10. Healthy demand for fabric from the apparel manufactures led to a recovery in demand for man-made fibres and yarn. During April 2009-February 2010, production of most of the man-made fibres grew briskly. Apart from the apparels industry, demand for man-made fibres from the home textiles industry is also expected to be strong.

Early results of the man-made fibres industry for the March 2010 quarter show a robust sales growth of 32.6 per cent, mainly driven by higher realisations. Prices of most man-made fibres peaked during the quarter and some tested new highs due to high raw material prices viz. sulphur, wood pulp and crude oil derivatives. PAT margin stood at 3.6 per cent. A sales growth of 26 per cent and a PAT margin of 3.2 per cent, respectively, for the March 2010 quarter is expected.

As per the CMIE report, in 2010-11, sales of the industry is expected to grow by a brisk 14.9 per cent, driven by higher volumes and realisations. The healthy demand will boost volumes. Raw material prices are expected to surge in 2010-11. Although, good demand will enable manufacturers to hike prices, they may not be able to pass-on the entire rise in input costs to consumers. Hence profit margins are likely to come under pressure.

Financial Performance (%)



(SOURCE: CMIE Database, May 2010)

SWOT ANALYSIS

Strengths:

- Experienced promoters with over 40 years of experience in the industry
- Successfully implemented various expansion schemes in the past with in-house expertise
- Consistently achieved capacity utilisation over 90%
- Silvassa unit enjoys certain location advantages such as sales tax exemption, lower cost of power @ s.2.90/ unit at Silvassa Plant and close proximity to air/ seaports.
- Products are well accepted in the market
- Easy availability of raw material
- Availability of skilled and cheap labour
- With the implementation of the proposed project, the company will reap the benefits of economies of scale due to optimum utilisation of the existing facilities.
- Satisfactory organisational set-up with experienced and well-qualified employees
- Strong marketing network with low selling and distribution costs

Strengths in Details:

- Experienced promoters with over 40 years of experience in the industry:**

Mr. Ram Niranjana Ruia, one of the Core Promoter, is the Founder Director and Non- Executive Chairman of the Company. Mr. Ruia, aged 62 years has to his credit over 40 years of manufacturing and trading business experience. He started his career in 1968 in the field of textile trading as a sole proprietor and recognizing the opportunities in textile industries, Mr. Ruia promoted Ruia Silk and Synthetics Pvt. Ltd. Mr. Ruia took the reins of our Company in his hands after he took over the company in the year 1993 from the then promoters and since then has been actively involved in evolving strategic planning and growth strategy for the Company. Mr. Ruia's vast experience and long term vision has put the company on strong fundamentals. Mr. Ruia has also promoted another company called Ruia Rayons Pvt. Ltd. In the textile sector.

Mr. Mukesh Ruia is also the Core Promoter and Founder Director of our Company. Son of Mr. Ram Niranjana Ruia, Mr. Mukesh Ruia is the Managing Director of the Company and has over 18 years of experience in the Textile Industry. Mr. Mukesh Ruia got opportunity to get involved in the family business since the early days of his career and has devoted full time into affairs of the Company. Mr. Ruia is a Commerce Graduate and has done other industry related courses as detailed on Page No.108 of this Prospectus.

- Successfully implemented various expansion schemes in the past with in-house expertise**

Our Company has successfully implemented various expansion schemes in the past in Unit 1 and Unit 2 and has also completed construction of Unit 3 measuring 55,000 Sq. Ft., wherein installation of 8 Texturising Machines is completed and commercial production started. In addition to this, 2 more Texturising Machines which have been procured but are yet to be installed, would be added thus making a total of 10 Texturising Machines. (Not funded through the Proposed IPO proceeds).

- Consistently achieved capacity utilisation over 90%**

The Issuer Company achieved 90.75 % capacity utilization in production of Twisted Yarn during the financial year 2009-10, 85.96% for 2008-09 and 91.00% during the financial year 2007-08. (Please ref to existing capacity & capacity utilization with regards to twisted yarn on Page.90 of this prospectus)

Twisted Yarn	2009-10	2008-09	2007-08
Installed	660 MT	660 MT	660 MT
Production	598.96 MT	567 MT	601 MT
Capacity Utilisation	90.75%	85.96%	91.00%

The capacity utilization of Texturing Yarn, during the financial year 2009-10, financial year 2008-09 and 2007-08 are as under.

Texturised Yarn	2009-10	2008-09	2007-08
Installed	13860 MT	13200 MT	13200 MT
Production	10587.67 MT	9462 MT	4283 MT
Capacity Utilisation	76.39%	71.68%	32.44%

- **Silvassa unit enjoys certain location advantages such as sales tax exemption, lower cost of power @ Rs.2.90 / unit at Silvassa Plant and close proximity to air/ seaports.**

Silvassa is about 180 kms. from Mumbai and 17 kms. From Vapi, the nearest railway station. Usually, most of the raw material is purchased from depots at Silvassa, Daman and neighbouring cities. At Silvassa, there are many transport operators and the necessary road infrastructure is in place to facilitate easy transportation.

- **Products are well accepted in the market**

Our Company has an established client base and is marketing its products through various dealers and distributors in Mumbai, Bhiwandi, Surat, Ludhiana, Secunderabad, Meerut, Panipat, Delhi, Bhilwara, Erode, Salem and Coimbatore, Ichalkaranji, Malegaon and Calcutta markets. Our Company's manufacturing locations are considered suitable in view of the demand and supply position of PTY, as our manufacturing units are located at Silvassa, which is near to Bhiwandi and Surat, the major consumption centres of Texturised Yarn.

- **Easy availability of raw material**

Reliance Group, Indo Rama, Sanghi Polyester, Century Enka & JBF Industries, accounting for nearly 60 per cent of the total industry capacity.

Availability of skilled and cheap labour at Silvassa, where the manufacturing units of the company are situated, skilled and cheap labor is easily available due to concentrated industrialization thereat and in the neighboring areas.

With the implementation of the proposed project, the company will reap the benefits of economies of scale due to optimum utilisation of the existing facilities.

Consequent to implementation of the expansion plan by the Issuer Company, the enhanced production would bring economies of scale by optimum utilization of the existing resources.

- **Satisfactory organisational set-up with experienced and well-qualified employees**

Name and Designation	Role in the Company	Qualification	Experience (years)	Details of Previous employment
Mr. Shiv Ratan Agarwal	CFO & Compliance Officer	B.Com, ACA	1 year & 6 months	Aklivus Alternative Asset Advisors
Mr. Deepak S Modi	Company Secretary	B.Com, ACS, LLB	6 months	Kothari H & Associates
Mr. J.P Sahu	Production Manager	Diploma in Business Management, Diploma in Manmade textiles, Diploma in Knitting Technology	27 years	Welspun Ind. Ltd
Mr. R.K. Nair	Commercial Manager	B.Com	24 years	Chabria Polyester
Mr. Anmol Patil	H.R. Officer	Master in Personal Management	6 years	Orient Press Ltd
Mr. Kamlesh Sharma	Marketing Manager	S.S.C	18 years	First Appointment
Mr. Vimal Yadav	Commercial	Graduation	33 years	Bhilosa Filament Ltd

- **Strong marketing network with low selling and distribution costs**

Demand and supply position of PTY, as our manufacturing units are located at Silvassa, which is near to Bhiwandi and Surat, the major consumption centers of texturised yarn, which reduces Selling and Distribution costs.

Weakness:

- The prices of raw materials and finished goods move in tandem with international prices, which, in turn, have positive correlation with the prices of petrochemical products.
- Low investment in research and development.
- Poor supply chain causes wastage of resources and increases cost.
- Out-dated production solutions.
- Fragmented industry
- Small size companies lack economies of scale

Opportunities:

- The Company is well positioned to take advantage of the emerging scenario where demand is expected to exceed supply.
- Potential growth in exports of PTY / PFY. With quantitative restrictions on textile exports being dismantled under the aegis of World Trade Organisation (WTO) from 2005, it is expected that low cost producers like India will benefit.
- With tariffs proposed to come down in India over a period of time, it is expected that raw material costs will be comparable to those prevailing in the international markets.
- Potential growth in domestic demand for PTY due to increase in share of non-cotton fabric in total fabric production on account of lower availability of cotton, reduction in the excise duty on non-cotton yarns, and higher cotton yarn exports.
- Abolition of quantitative restrictions is viewed as a big opportunity and accordingly the government is taking steps to encourage investments in the industry. Textile ministry has set an export target of US\$ 50 billion by 2010, which would need a CAGR growth of 25 per cent from the current levels of US\$ 13 billion. Share of garments (clothing) in total Textile and clothing exported is expected to increase from US\$ 5.8 billion to US\$ 25 billion.
- Bulk of the growth is expected to come as the WTO replaced the MFA with the ATC on January 1, 2005. The global textile and clothing industry is estimated to be worth US\$ 395 billion with the clothing accounting for 60% of the market and textiles the balance 40%. The Indian textile industry enjoys a strong presence in global markets for fabrics (India produces about 12% of world cotton and 7% of polyester fibre and 14% of total yarn), however structural restrictions in the form of quotas prevented the industry from moving up the value chain. With the phasing out of the quotas, the industry is expected to expand capacities and move into value-added segments to drive exports. Along with the trend towards outsourcing, India can position itself as the second largest outsourcing destination after China in the textiles sector.
- Key Government Initiatives to Promote growth of the Indian Textile Industry In order to encourage up gradation of textiles sector and to give a fillip to exports of textile products, some of the important initiatives taken are as follows:
 - Announcement of New Textile Policy- setting improved targets for exports and de- reservation of woven and Knitwear from the purview of SSI
 - Technology Up-gradation Fund Scheme (TUFS) — to reduce the cost of funds and upgrade the manufacturing facilities in textile sector.

- Duty Exemption Pass Book (DEPB) Scheme — to make our exports competitive in international markets.
- Duty Drawback Scheme
- Human Resource Development — establishment of training Institutes such as NIFT, ATDC etc.
- Construction of Apparel International Mart
- Setting up of modern laboratories — to ensure that textile products meet the International Standards.
- Apparel Park for Exports Scheme — to give thrust to garment manufacturing for exports
- Textile Centers Infrastructure Development Scheme (TCIDS) offers various schemes.

Threats

- Likely expansion by large players like Reliance Industries, Indo Rama Synthetics, Century Enka Ltd., etc.
- India has concluded / is in the process of concluding Free Trade Agreements (FTA) with a number of countries like Sri Lanka, Thailand, China, etc. This will lead to lower tariffs all round and may affect Indian textile units, including Shekhawati.
- Post WTO India is exposed to international competition. Shekhawati's position is expected to be vulnerable vis-à-vis those companies with global size and modern facilities.
- Abolition of quota system has led to fluctuations in the export demand.
- Marketing will be the most problematic area where improvements are called for.
- Continuous quality improvement will be the need of the hour for which urgent measures are called for from all stakeholders.
- Increasing competition from China.

Polyester Industry

Due to population explosion, the growing demand for clothing needs of people cannot be met by natural fibers like cotton alone because of the limited availability. Thus, man-made fiber has a crucial role to play and therefore, Indian market is fast gearing up to replace cotton by polyester cloth and synthetic fabrics. Polyester is the only fiber that will be able to address the global demand growth for fabric because:

- Arable land for cotton production is limited
- Output of cotton fiber depends upon monsoon & other factors

Cotton yarn exports are expected to increase thus reducing its availability in the domestic markets. The increase in cotton yarn exports will leave more space for polyester in the domestic markets. Polyester products and its blends have emerged as the 'fiber of mass consumption' because of its versatility, good process ability, environment friendly properties and comparative cost effectiveness. As a result, demand for synthetic fibers/yarns derived from petrochemicals is increasing.

In a move to curb the rising prices of raw cotton and yarn, the Government of India is mulling various measures to discourage the export of these commodities.

On yarn, it is likely to notify suspension of the duty concession of 7.5 per cent available to exporters under the Duty Entitlement Pass Book (DEPB) scheme.

It might also make the registration of cotton yarn export compulsory, to keep track of the development. At present, only registration of raw cotton export is mandatory. The other step possible is imposition of a two per cent export duty.

In the wake of a tight global demand-supply position, prices in the domestic market had shot up this cotton year (October-September). The prices of Gujarat's benchmark Shankar-6 variety, Rs 21,000 to Rs 22,000 a candy (356 kg) at the season's onset, are now Rs 29,000 a candy.

Given the rising prices of raw cotton, the Southern India Mills' Association and the Confederation of Indian Textile Industry had demanded a ban on exports from India. This was opposed by the traders' body, the Cotton Association of India, which said there was no need to do so.

About 7.9 million bales (each bale is 170 kg) have already been registered for exports, of which 5.5 million have been shipped so far, mainly to Hong Kong, China, Pakistan and Bangladesh. China's share in that is 56 per cent and these four countries together account for nearly 80 per cent of exports, according to data from the textile commissioner.

The firm levels of cotton prices fuelled cotton yarn prices. Prices jumped this year by 40 to 45 per cent. Hit hard by the soaring yarn prices, the Tirupur Exporters Association members (in Tamil Nadu) recently went on a day's fast to protest. The knitwear units there had contended they could not survive in the global market with this level of yarn prices."

[Source Business Standard 9/04/2010] Cotton Exports

Year	Qty. (in Lacs bales of 170 Kgs each)	Value in Rupees / Crores
2004-05	9.14	657.34
2005-06	47.00	3951.35
2006-07	58.00	5267.08
2007-08	88.50	8365.98
2008-09	35.00	3825.1
2009-10 (E)	55.00	NA

Quantity figures as per CAB

Value figures as per DGCIS Kolkata

Advantages of Polyester Vis-à-vis Cotton

Limited Cotton Production Growth in the Domestic Market:

India is among the top three cotton-producing countries. However, it is expected that domestic cotton production will increase only marginally in the medium term, given the historical crop data, cotton production over the past decade has increased at a mere 1.3 % CAGR, with relatively stable average yield levels. Acreage for cotton production is limited and yield levels are expected to increase only marginally. Thus total production will only increase marginally. On the other hand, among man-made fibres (synthetics and cellulosic), polyester has shown

the maximum growth in terms of production and demand. Going forward, the capacity additions that are scheduled in the medium term will ensure easy availability.

Increase in Cotton Yarn Exports will Leave More Space for Polyester in the Domestic Markets:

Cotton yarn exports have increased in the medium term, especially after 2005, reducing its availability in the domestic markets. India is amongst the largest exporters of cotton yarn in the world. The increase in cotton yarn exports will leave more space for polyester in the domestic markets.

Price-Competitiveness of Polyester To Improve against Cotton Yarn:

Cotton yarn is expected to become even less price-competitive in comparison to polyester, with excise and customs duties on polyester getting cut, and the price differential between the two narrowing.

Healthy GDP Growth to Increase Purchasing Power:

GDP growth helps in estimating the purchasing power parity of a country. CRIS INFAC estimates that India's GDP will grow at a healthy 5-6 % in the next five years. The GDP growth has averaged 5.84% from 1981-82 to 2002-03.

However, the relatively high elasticity of demand could cause fluctuations in demand growth. Synthetics are likely to grow at a higher rate, assuming that cotton crop would continue to grow at a CAGR of 2.5 %, as it has done for the past 50 years. Given the higher growth in fabric production and lower growth in cotton availability, GDP will have a positive impact on synthetics growth.

Per Capita Consumption: India has a long way to go:

The average per capita consumption (PCC) of fabric in India is much lower than in its neighboring countries. India has a huge potential market, given that its PCC is as low as 1.4 kg as compared China (5 kgs) and Indonesia (5 kgs). India has the advantage of a large and growing domestic market, and a good GDP growth.

Rapid Urbanization

Higher spend on clothing: Of the total domestic population, about 70% is rural. Behavioral patterns suggest that most of the fabric demand in this segment is need based. The urban demand, on the other hand, is also driven by fashion trends, and favours more sophisticated textiles, and variety in designs and colours. The average urban spend on apparel is higher than rural spend. However, over the years, the clothing pattern in India has shifted. Clothing consumption has moved from the traditional cotton-based wear to synthetic fabrics.

Polyester has experienced resurgence with the advent of microfibers. A great increase in softness and wearability has been paired with marketing campaigns aimed to promote polyester as a wash and go fabric, as opposed to simply being inexpensive. Polyester fabric can be found in high-quality, wrinkle resistant shirts, pants, and costumes, as well as in bedding and home décor. Polyester fleece is popular in wetsuits and other garments that require heat retention and insulation, and the fabric is immensely popular in outdoor applications, such as overcoats, sleeping bags and climbing suits. Polyester's uses go beyond clothing, as it can be found in plastic bottles, ropes, even fancy balloons. Polyester fabric is a truly remarkable material which lends strength, warmth and durability to any project. This has led to popularity of polyester fabric.

Non-Apparel Segment to Drive Polyester Demand:

In India, fibre is used mostly for apparel (93%), with demand from the home textiles, automotive and industrial segments accounting for the remaining 7%. By contrast, worldwide, the last three market segments account for 59% of end use. In India, the demand from the non-apparel segment is in a growth phase; it's expected to grow at

a high 20% per annum. Polyester, given its high tenacity and strength, is the most suitable fabric for these applications. Thus, demand for polyester is expected to increase steeply from these segments.

Despite the high prices, polyester filament yarn continues to be price competitive vis-à-vis cotton yarn of finer counts.

Unique Characteristics of Polyester Fiber Vis-à-vis Cotton Fiber

Polyester Yarns is a substitute for cotton and other synthetic yarns because of its numerous advantages:

- **Properties:** PFY is more durable, does not fade on exposure to sunlight or soap, has better abrasion resistance, drape and crease recovery properties, and is wrinkle resistant. Hence, it is a preferred material for synthetic fibres.
- **Improvements:** Modifications in the properties of PFY have allowed it to be used as a substitute for other natural and synthetic fibres. Some of the disadvantages it had, such as poor comfort and a dull appearance, have been overcome by texturising and the application of finishes during processing
- **Price competitiveness:** Compared to other yarns, PFY prices are lower.

Some of the unique features of polyester fiber are:

- Strength
- Resistance to stretching and shrinking
- Resistance to most chemicals
- Quick drying
- Crisp and resilient when wet or dry
- Wrinkle resistant
- Mildew resistant
- Abrasion resistant
- Retains heat-set pleats and crease
- Easily washed

The revival in apparels demand has boosted the entire value chain in the textiles industry. Fabric demand from apparel manufactures improved, which in turn pushed up demand for man-made fibres and yarn. In 2008-09, PSF and PFY production was adversely affected due to the Global Liquidity Crisis (GLC). During April 2009-February 2010, PSF and PFY production grew by 17.3 per cent and 8.2 per cent, respectively. In 2009-10, PSF and PFY production are estimated to have grown by 16.1 and 7.6 percent, respectively.

In 2010-11, it is expected that the healthy growth in production to continue. PSF and PFY production is expected to grow by 5.6 and 4.8 per cent, respectively. In addition to apparels, demand from the home textiles segment, too, is expected to be strong.

Exports improved in 2009-10 and are expected to improve further in 2010-11. This is due to higher imports expected by export oriented Asian countries which are likely to witness a healthy demand for apparels from the overseas market.

PFY prices to rise by 7.3% in 2010-11

	Units	2005-06	2006-07	2007-08	2008-09	2009-10*	2010-11* (Forecast)
Productions	Tonnes	10,75,252.00	12,72,484.00	14,20,043.00	1334141.00	1432114.00	1475077.40
Export	Tonnes	109875.00	179029.60	231608.20	199799.80	225534.30	234555.70
Import	Tonnes	99420.10	103148.10	100088.10	89352.7	99405.0	99320.00
Export	Rs. Crores	803.20	1345.0	1600.6	1533.8	1680.9	1829.50
Import	Rs. Crores	631.20	705.60	659.60	674.80	410.20	475.50
Realization	Rs./kg	93.70	92.10	85.00	80.10	78.40	88.40
Sales	Rs. Crores	10069.90	11716.00	12072.60	10691.90	11232.20	13044.10
Domestic market Value	Rs. Crores	9897.90	11076.60	11131.10	9832.90	9961.5	11689.80

(**SOURCE:** CMIE Database, May 2010 *November, 2010)

PFY production falls in February 2010 due to high material prices

	Production		Imports		Exports		126 D Price	
	(Tonnes)	(% chg.)	(Tonnes)	(% chg.)	(Tonnes)	(% chg.)	(Rs./kg)	(% chg.)
Apr 2009	1,20,687	5.2	4,884.9	-44.5	9,133.8	-62.2	71.7	-7.5
May 2009	1,22,321	-1.7	4,021.6	-60.4	11,778.1	-48.3	70.2	-10.2
Jun 2009	1,17,330	0.5					75.4	-10.8
Jul 2009	1,25,583	6.3					75.4	-14.1
Aug 2009	1,26,095	51.4					76.5	-21.0
Sep 2009	1,14,479	33.4					78.2	-13.4
Oct 2009	1,15,489	13.8					83.2	-2.3
Nov 2009	1,18,851	9.4					79.4	-5.2
Dec 2009	1,20,330	-1.0					79.1	-0.5
Jan 2010	1,19,790	-0.7					81.9	22.8
Feb 2010	1,11,850	-5.0					84.4	31.7
Mar 2010							85.8	27.5
Apr 2010							87.3	21.8
	Apr-Feb	Apr-Feb	Apr-May	Apr-May	Apr-May	Apr-May	Apr-Apr	Apr-Apr
2008-09	12,13,254	-6.5	18,954.4	61.9	46,934.4	23.1	77.5	-7.5
2009-10	13,12,805	8.2	8,906.5	-53.0	20,911.9	-55.4	71.7	-7.5
	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar
2008-09	13,34,141	-6.0	89,352.7	-10.7	1,99,799.8	-13.7	80.1	-5.7
2009-10							78.4	-2.1

(**SOURCE:** CMIE Database, May 2010)

Robust sales growth in March 2010 quarter

Early results of the man-made fibres industry show a robust sales growth of 32.6 per cent in the March 2010 quarter, mainly driven by higher realizations. Prices of most of the man-made fibres peaked in the March 2010 quarter some tested new highs.

Aggregate expenses grew at a faster pace than income. However after adjusting for cost of stock, net profit of the industry' more than doubled.

From our sample set of around 48 man-made fibre companies, 18 announced their March 2010 quarter results. Of these, 14 reported a growth in sales. Although, most of the companies reported a robust growth in sales, high raw material cost led to a slower growth in profits of many companies. Raw material costs of all the man-made fibres witnessed a sharp rise in the March 2010 quarter.

Although, realisations rose, most of the manufacturers were not able to pass-on the entire rise in input cost to consumers. As a result, their margins came under pressure. Ten companies posted a growth in PBDIT and only five reported a higher net profit. Only five companies saw an expansion in their PBDIT margin and PAT margins of just three companies expanded.

Considering the early results of the industry, we have revised our financial forecast for the March 2010 quarter. We now estimate a sales growth of 26 per cent compared to 20 per cent expected earlier. PBDIT and PAT are expected to grow by 38.5 and 285.7 percent, respectively. The industry is expected to report a PAT margin amounting to 3.2 per cent of sales as against losses in the year-ago quarter.

PFY manufacturers like Garden Silk Mills and Filatex India reported a robust sales growth of 41.8 and 29 per cent, respectively, in the March 2010 quarter. However, high raw material costs led to a slower growth in profits than sales. Their raw-material-to-sales ratio rose drastically from between 75-78 per cent in the year-ago quarter to 84-86 per cent in the March 2010 quarter.

High input costs affect margins of many man-made fibre companies in March 2010 Quarter

	Income		Sales		PBDIT		PAT		PBDIT/Income		PAT/Income	
	(Rs.cr.)	(G%)	(Rs.cr.)	(G%)	(Rs.cr.)	(G%)	(Rs.cr.)	(G%)	Mar 09 (%)	Mar 10 (%)	Mar 09 (%)	Mar 10 (%)
Garden Silk Mills	689.3	42.1	687.8	41.8	70.0	9.3	23.3	25.5	13.2	10.2	3.8	3.4
Shri Lakshmi Cotsyn	389.1	33.7	389.1	33.7	64.7	50.6	25.4	62.3	14.8	16.6	5.4	6.5
Century Enka	307.3	19.2	306.2	22.5	41.6	5.5	18.0	51.1	15.3	13.5	4.6	5.9
Banswara Syntex	183.3	22.1	182.4	21.8	28.7	3.1	9.3	-7.8	18.6	15.7	6.7	5.1
Sumeet Industries	135.1	328.3	134.9	327.6	8.1	58.7	2.3	76.9	16.3	6.0	4.1	1.7
Filatex India	113.8	29.0	113.8	29.0	9.1	3.7	3.6		10.0	8.0	-0.1	3.2
Sportking India	89.8	26.4	89.8	29.3	11.4	320.6	-0.3		3.8	12.7	1.3	-0.3
Vardhman Acrylics	67.9	4.0	67.9	4.0	18.3	110.9	11.1	144.5	13.3	27.0	6.9	16.3
G S L Nova Petrochemicals	64.8	-33.7	64.5	-34.0	2.6	-69.3	-1.0		8.7	4.0	-0.3	-1.5
B S L	53.7	27.1	53.7	27.1	6.0	-13.5	0.5	-62.3	16.5	11.2	2.9	0.9
Hind Syntex	22.0	66.3	21.4	65.2	1.3	72.4	-1.1		5.7	6.0	5.3	-5.2
Zenith Fibres	9.6	42.5	9.3	43.0	1.3		0.7	-9.7	19.8	13.9	10.7	6.7
Gravity (India)	9.6	-10.1	9.5	-9.8			-0.3		4.1		0.3	-2.7
Premier Synthetics	2.1	50.4	2.1	50.7	0.1		-0.7		-5.0	4.2	-53.9	-31.6

All income and profit figures are net of prior period and extraordinary transactions.

G%=Growth percentage; Growth is not calculated when figures are negative.

(Source: Indian Industry A Monthly Review, Center for Monitoring Indian Economy, May, 2010)

Healthy sales growth expected in 2010-11

We expect sales of the man-made fibres industry to grow by a brisk 14.9 per cent in 2010-11, driven by higher volumes, and realisations. However, realisations are likely to play a major role in boosting sales since a sharp rise in input costs will force the industry to hike prices.

Demand for apparels is expected to be healthy in 2010-11, which will boost demand for fabric. This in turn will boost demand for man-made fibres. Therefore, volumes of the man-made fibres industry are expected to rise.

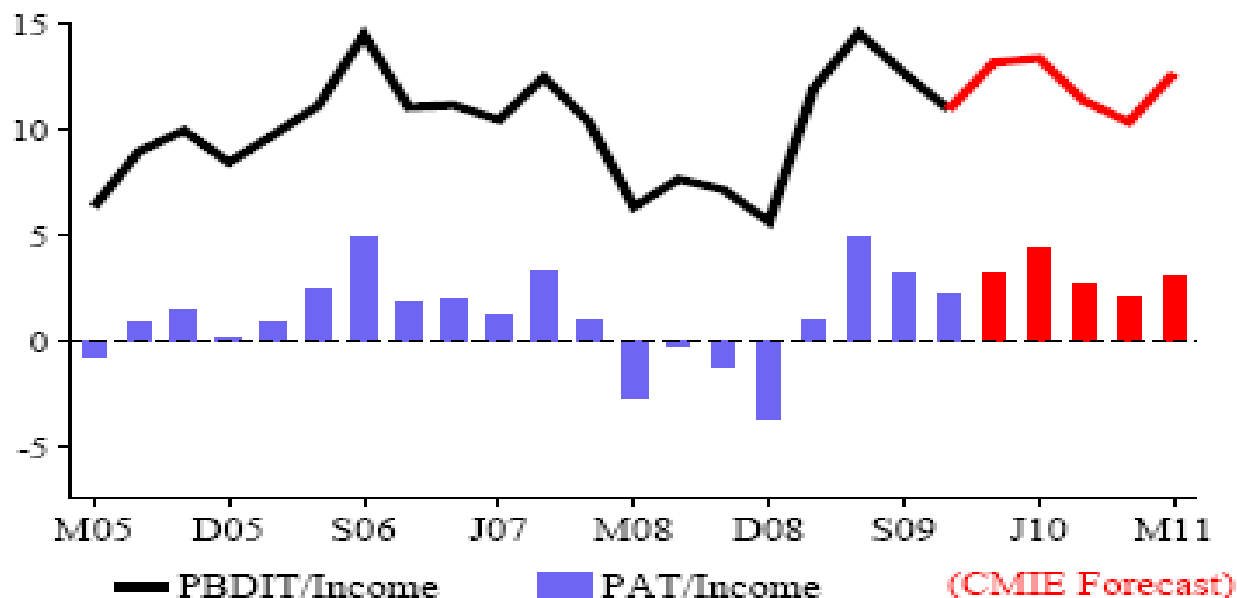
Raw material costs of the industry are expected to rise by sharp 16 per cent in 2010-11. The raw-material-to-sales ratio is expected to rise to nearly 70 per cent as against 67.5 per cent estimated for 2009-10. This is owing to the rise in prices of crude oil, sulphur and wood pulp. Most of the man-made fibres have their raw-material derived from crude oil and, wood pulp and sulphur is the input for some.

Although, the industry will hike prices, they may not be able to pass-on the entire rise in input costs to consumers. Hence, profit margins are likely to come under pressure.

PBDIT and PAT of the industry are expected to grow at slower pace of 6.4 and 4.6 per cent, respectively, compared to sales. The PBDIT margin is expected to shrink by 90 basis points to 11.9 per cent and the PAT margin by 30 basis points to three per cent in 2010-11.

(SOURCE: CMIE Database, May 2010)

Margins to come under pressure in 2010-11



	Dec 08	Mar 09	Jun 09	Sep 09	Dec 09	Mar 10 Estimate	Jun 10 Forecast	Sep 10 Forecast	Dec 10 Forecast	Mar 11 Forecast
Income	2.8	-2.7	2.9	15.7	21.9	25.1	17.0	14.9	16.6	10.1
Net sales	2.7	-3.3	2.2	15.9	21.6	26.0	18.0	15.0	17.0	10.0
Total expenses	-0.8	-3.7	0.6	12.1	17.7	22.6	17.8	14.5	17.0	15.3
Raw materials	-6.3	-15.1	0.2	14.2	25.4	28.0	20.0	16.0	16.0	19.0
Salaries & wages	3.4	14.4	-2.6	9.0	9.5	16.0	18.5	20.1	80.3	15.9
Power & fuel	-1.7	-7.6	-1.0	2.2	14.8	20.0	15.0	12.0	13.0	10.0
Other expenses	25.1	35.7	-10.8	-3.9	-9.7	12.0	15.0	12.0	10.0	8.0
Depreciation	4.9	0.9	10.5	14.3	10.1	14.0	8.0	8.0	10.0	9.0
Interest expenses	36.1	17.8	3.3	9.6	-11.6	20.0	12.0	5.0	5.0	6.0
Tax provision	-88.0	63.5	300.4	1,003.4	932.4	7.0	-1.8	-2.6	20.8	1.7
PBDIT	-44.6	83.7	97.9	103.7	144.4	38.5	7.4	3.0	9.6	5.9
PAT						285.7	7.9	-3.1	9.2	4.4
Other income Income (%)	0.7	1.1	1.3	0.4	0.8	0.4	0.5	0.3	0.4	0.5
Raw material Net sales (%)	68.1	60.5	68.1	70.9	70.3	61.4	69.2	71.5	69.7	66.5
Interest PBDIT (%)	82.0	34.4	22.8	28.7	29.9	29.8	23.8	29.2	28.6	29.8
PBDIT Net Sales (%)	4.9	10.8	13.3	12.3	10.3	12.8	12.8	11.1	9.9	12.2
PBDIT Income (%)	5.6	11.9	14.5	12.6	10.9	13.1	13.3	11.3	10.3	12.6
PAT Income (%)	-3.7	1.0	4.8	3.2	2.2	3.2	4.4	2.7	2.1	3.0

All income and profit figures are net of prior period and extraordinary transactions. PBDIT is net of other income in PBDIT Net sales ratio. Growth is not calculated when figures are negative.

(SOURCE: CMIE Database, May 2010)

Investment momentum to continue

Business confidence in the man-made fibres industry unproved in 2009-10. As reflected in the investment statistics. The industry announced 44 projects in 2009-10 as against just 11 in 2008-09. During the GLC investments in the industry had taken a back seat. Now, with a revival in the global economy, demand has picked-up and hence the industry is expanding its production capacity. The industry added a capacity of 1.6 Lacs tonnes in 2009-10.

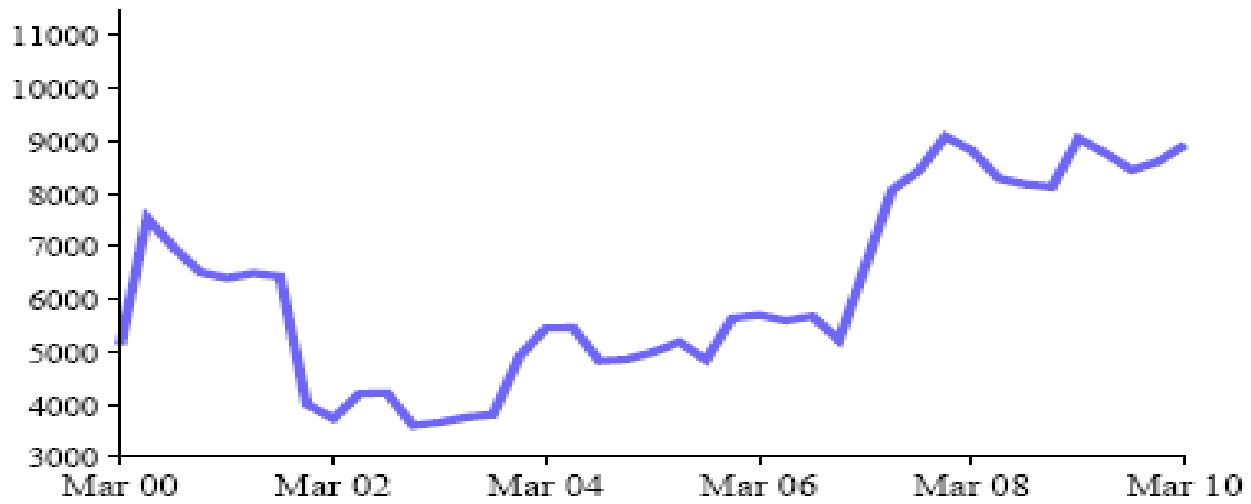
The investment momentum is expected to continue in 2010-11 as well. As per CMIE's CapEx database, the man-made fibre industry is expected to add a capacity of four Lacs tonnes in 2010-11, taking the outstanding capacity to 45.5 Lacs tonnes.

Six projects involving an investment of Rs. 1.357 Crores are scheduled for completion in 2010-11. One project by Ganesh Polytex was completed in April 2010. Our Company added a capacity of 18,000 tonnes, taking its entire capacity to 54,900 tonnes. The project is located at Patnagar, Uttarakhand.

Eight projects were announced in the man-man-fibres industry in April 2010. These include projects by Aran Spinning Mills, D C Synthetics, Kanchan India. Lam-bodhara Textiles, Orbit Exports. Sangeet Syntex, Shiv-pnya Fabrics, Yaibhav Laxmi Filaments.

Outstanding investment in the man-made fibre industry stood at Rs.8,865 Crores at the end of April 2010. This is an underestimate as a number of companies do not disclose the cost of their projects.

Investment scenario improves (Rs. Crores)



(SOURCE: CMIE Database, May 2010)

5.2 BUSINESS OVERVIEW

Shekhawati Poly-Yarn Limited was originally incorporated on November 5, 1990 as a Private Limited Company under the Companies Act, 1956 in the State of Maharashtra and a Certificate of Incorporation was obtained from the Addl. Registrar of Companies, Maharashtra, Mumbai having a Certificate No. 11-58818/1990. Later, it was converted into a Public Limited Company by passing a Special Resolution at the Extra Ordinary General Meeting of the Company held on 27th Feb, 2010 and Fresh Certificate of Incorporation for the same was obtained from the Registrar of Companies, Maharashtra, Mumbai on 19th April, 2010.

Our Company presently is engaged in manufacturing of Texturised and Twisted Yarn at its manufacturing facilities located at

- Unit 1:
Plot No 20, Sheetal Industrial Estate, Demini Road, Dadra, Dadra and Nagar Haveli, 396 191.
- Unit 2:
Plot No 44, Government Industrial Estate, Masat, Samarwani, Dadra and Nagar Haveli, 396 230.
- Unit 3:
Plot No 185/1, Narolli Village, Silvassa, Dadara and Nagar Haveli, 396 235.

SPYL started manufacturing Texturised Yarn with 2 machines setup in 1995-97 (Unit 1). Our Company soon identified opportunities in selling Twisted Yarn and integrated its facilities to manufacture Twisted Yarn by installing Twisting Machines (TFO). With aggressive expansion plans, our Company expanded into Unit 2 by adding 8 additional Texturising Machines

Major Milestone in the growth of **Shekhawati Poly-Yarn Limited**

Year	Activity	Capacity (Total)
1990	Incorporation	Trading of Textiles
1995-96	Setting-up of Unit 1 at Village Dadra, Silvassa – with one Texturising Machine	600 TPA
1996-97	Additional Texturising Machine Installed	1200 TPA
2005-06	Modernisation of Texturising Machines to increase installed capacity	3000 TPA
	Forward Integration to Twisting by installing 5 TFO machines	900 TPA
2007-08	Setting-up of Unit II at village Masat, for manufacturing Texturised Yarn by installation of 8 Texturising Machines	10800 TPA
2009-10	Construction of Unit 3 completed at Silvassa admeasuring 55,000 Sq Ft.	Installation of 4 Texturising Machines is completed and 6 Texturising Machines are already Procured but yet to be Installed (not Funded through IPO Proceeds).
2010-11	Installation of Texturising Machines	Out of the 6 Texturising Machines already procured as mentioned above, 4 Machines have been installed and 2 Machines are yet to be installed.

SPYL's manufacturing facilities are spread over three units at Dadra and Nagar Haveli fully backed by facilities of product development, quality control and laboratory to provide quality services to its customers.

Presently, Shekhawati has 20 Texturising Machines with an installed capacity of 13,200 MTPA to produce PTY. It also has installed 5 TFO machines to produce Twisted Yarn with installed capacity of 600 MTPA.

Our Company has implemented an integrated facility at Silvassa for manufacturing PTY with a total project cost of Rs. 40.15 Crores. Under this our Company has established Yarn Texturising Facility of 14200 MTPA with 20 Texturising Machines. 8 Machines, out of the proposed 10 have been made operational as on 31 October 2010

Our Company has presence in the under mentioned activities:

1. Texturising Yarn from Partially Oriented Yarn (Texturised Yarn)
2. Twisting Yarn from Texturised Yarn (Twisted Yarn)

The Company now proposes to commence manufacturing of Knitted Fabric from Texturised Yarn, being one of the Objects of the Proposed Public Issue.

SPYL has been in the Polyester Industry for more than a decade and since incorporation has been engaged solely into the manufacture of Polyester Texturised Yarn (PTY), which is used in the process of weaving of fabric used for suiting, shirting, dress materials, saris, hosiery, knitted fabric, zipper fastener, curtain & industrial cloth as also to manufacture fancy yarn for high value dress materials and upholstery. Polyester Texturised Yarn is obtained after further processing of POY.

In order to take advantage of the growing market, our Company has planned to expand their business activity in the twisting and knitwear segment.

SPYL was originally promoted by Mr. Sajjan Kumar Jain, Mr. Rajneesh N Jain, Mr Ratanlal Jain and Mr. Rakesh Kumar Jain, which was subsequently taken over by Mr. Mukesh Ruia and Mr. Ram Niranjana Ruia in 1993. The Company commenced manufacturing activities under the able stewardship of Mr. Mukesh Ruia and Mr. Ram Niranjana Ruia. Our Company has achieved rapid growth and success as is evident from the past performance of our Company discussed subsequently.

The day to day affairs of our Company are overseen by Mr. Mukesh Ruia under the guidance of Mr. Ramniranjan Ruia. The detailed profile of the promoters is as below:

Mr. Mukesh Ruia, aged 38 years, is a young and dynamic entrepreneur and founder of our Company. He is the Managing Director of our Company. A Commerce Graduate from Mumbai University, Mr. Ruia has done a course in weaving and designing, conducted by 'The Synthetic and Art Silk Mills Research Association' (SASMIRA), an institute recognized by the Council of Scientific and Industrial Research. He has a diploma awarded by NIIT in computers and has done a course in Import Export from The Indo- American Society.

Mr. Ramniranjan Ruia, aged 62 years, under-matriculate, father of Mr. Mukesh Ruia, is the Non- Executive Chairman of our Company. He is one of the founders of Shekhawati Poly- Yarn Limited. He has around 40 years of vast experience in manufacturing and trading business.

COMPANY'S MARKET POSITIONING

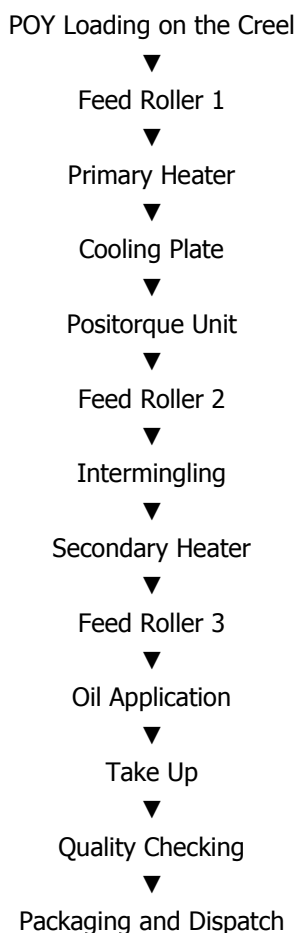
SPYL has an established client base and is marketing its products through various dealers and distributors in Mumbai, Bhiwandi, Surat, Ludhiana, Secunderabad, Meerut, Panipat, Delhi, Bhilwara, Erode, Salem, Coimbatore, Ichalkaranji, Malegaon and Calcutta markets. Our Company's manufacturing locations are considered suitable in view of the demand and supply position of PTY, as our manufacturing units are located at Silvassa, which is near to Bhiwandi and Surat, the major consumption centres of Texturised Yarn.

COMPANY'S OPPORTUNITIES

Robust demand growth in Textile Sector:

- Capture of higher share of market with the booming Textile Sector.
- Our Company with its Planned New Project is aiming at value addition in the form of Twisted Yarn and knitted fabric.
- The Textile market is at a mature stage, which will offer opportunities for our Company for a Quantum growth.

MANUFACTURING PROCESS: TEXTURISING



Texturising is a process to develop the warmth properties by increasing the bulkiness of yarn. In this process, POY is used as a raw material.

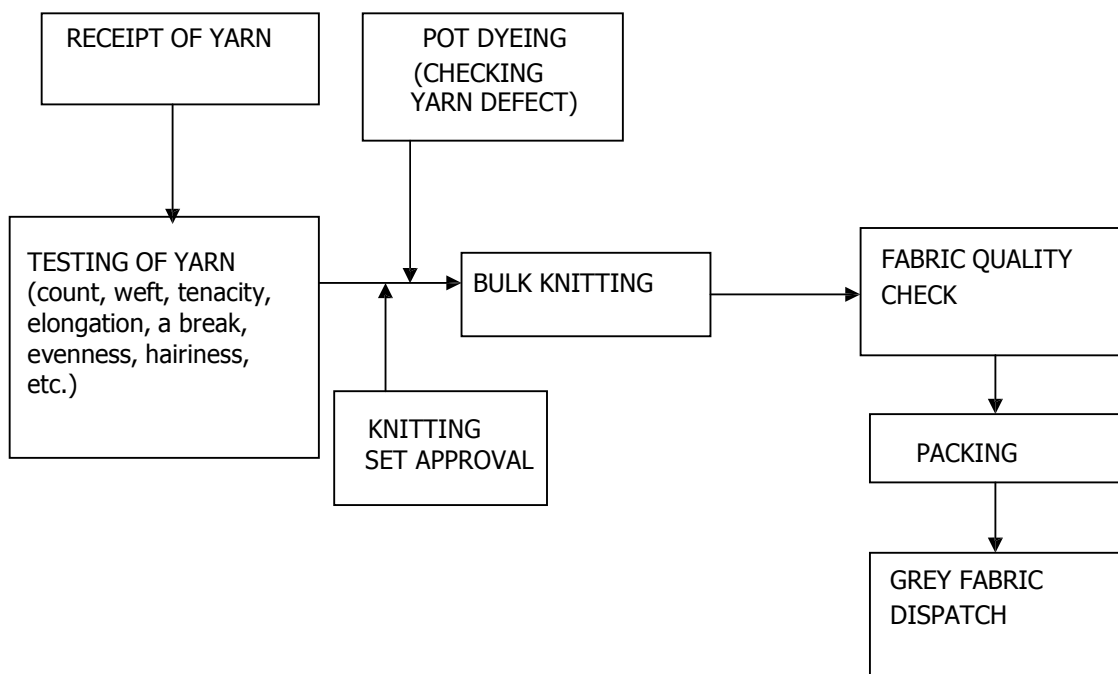
- » POY packages are loaded on the Creel from where yarn is taken off from POY packages, through the Feed Roller -1 on a controlled speed and fed to the Primary Heater (heating system) and passed through Cooling Plate for heat-setting purpose.
- » During this heat-setting process, yarn is drawn to a required draw ratio by the help of Feed-roller-2 and twisting / de-twisting process is carried out by the Positorque Unit simultaneously, which is placed between Cooling Plate and Feed Roller - 2.

- » Due to this twisting/de-twisting under the heated condition a loop type structure is formed in the yarn, which increases the air pocket and hence the bulkiness.
- » Then this yarn is passed through Intermingling Device, where with the help of air at a required pressure, knots are developed, which helps the yarn for better running in the subsequent process.
- » From Intermingling Device, the bulked yarn is fed in the Secondary Heater for setting purpose. The Texturised Yarn is then passed through Feed Roller-3 and Oil Application system to apply coning oil for protecting the yarn surface from wear and tear in the subsequent process.
- » Then this yarn is wound on Paper-tubes in Take-Up. After a pre-set time the packages are doffed at a particular doff weight and sent for quality checking and packing as per the quality gradation norms.
- » The packed boxes are then weighed and stored in a Storage area for final despatch to the market.

MANUFACTURING PROCESS: KNITTING

For knitted fabric production, two types of machines are normally used i.e. circular knitting machine and flat knitting machine. The grey yarn, the main raw material is transformed into fabric via circular knitting. In knitting, yarn is interloped by latched and spring needles i.e. two different loops are mingled together with needle adjustment. We source quality grey yarn from spinning mills in India depending upon the requirement of our customers. Knitting department receives orders from Production, Planning and Control Department (PPC) with style number and quantity of fabric required. The knitting department makes the production planning for all knitting machines based on request from PPC and also calculates and orders required yarn from the purchase department. Planning is usually done for every week. After conversion of grey yarn into knitted fabric, the fabric is checked for any defects by experts in the department. Defects like extra yarn on the fabric, gaps if any between the filaments, damages if any, etc are identified and small corrections that can be made by cutting of the extra yarn on the fabric. Fabric is cut into different pieces of the desired length and made ready for deliveries.

PROCESS FLOW-CHART OF KNITTED GREY FABRIC



INFRASTRUCTURE FACILITIES:

Raw materials

For Existing Product

Our Company is presently engaged in the manufacture of Polyester Texturised Yarn (PTY) and proposes to take up the value addition activity of twisting of PTY and knitting of Partially Texturised Yarn (PTY). The raw material requirements are as under:

The major raw material for manufacture of PTY is POY, which our Company procures from domestic suppliers viz. Reliance Industries Ltd., Indo Rama Synthetics Ltd., Sanghi Polyester Ltd., JBF Industries Ltd., Garden Silk Mills Ltd., Gokulanand Textile Industries, Nova Petrochemicals Ltd., etc.

Import of raw material: There is an anti-dumping duty on import of POY, due to which currently its import is not financially viable. However, due to the abundant indigenous availability raw material from the various manufacturers, there is no need to import the same.

The other raw material like antistatic Oil and Packing material such as Paper tubes, boxes, polythene bag, strapping rolls, etc. are also easily available locally. We are already procuring the raw materials from various suppliers for our existing operations; hence we do not foresee any problems in procuring the required quantity of raw materials in future also.

For Proposed Product:

Part of the existing output viz. Poly Texturised Yarn is proposed to be used in the process of twisting and knitting. The current output of PTY shall be captively consumed for the same.

Utilities

a) Power

Our Company will require power as per the under-mentioned details:

Machine	Load per Machine	Number of Machine	Unit Consumption Per Machine Per Month	Status of Power Supply
Texturising	125 KVA	20	135000 Units	Application approved from Electricity Board
Twisting (TFO)	16 KVA	35 (Existing and 30 New)	25000 Units	Application shall be made at the time of erection of machinery
Knitting	4 KVA	30	8400 Units	Application shall be made at the time of erection of machinery

Our Company has installed Diesel generator sets with a power load capacity of 125 KVA as an factory lighting power arrangement in case of any contingency in power supply. Silvassa has a very low power tariff (Rs. 2.90/ Unit) to support industrial production.

India being a power starved economy, any industrial unit requires having reliable power arrangement to ensure uninterrupted production. Our Company currently has 11 KV line from the substation to support its existing and future power requirements.

b) Water Existing facilities

The present manufacturing process does not require any water. However, the cooling system requires water, which is met out through the bore well. Further, the requirement of water for drinking and civic uses is also met through the bore well.

c) Compressed Air, Fuel Existing facilities

Compressed Air is required to intermingle the yarn, which is generated by air compressors. We have already installed air compressors at our all the three existing units.

d) Transportation Existing facilities

Our Company has three Units for the manufacture of PTY; at Village Dadra, Dadra Nagar & Haveli (Union Territory). Further, the new manufacturing facility is envisaged at the existing location itself.

Silvassa is about 180 kms. from Mumbai and 17 kms. from Vapi, the nearest railway station. Usually, most of the raw materials are purchased from depots at Silvassa, Daman and neighboring cities. Due to proximity of the new unit, our Company does not envisage any problem in transportation of Twisted Yarn and knitted fabric form marketing. At Silvassa, there are many transport operators and the necessary road infrastructure is in place to facilitate easy transportation.

e) Manpower**Existing Manpower strength engaged at our Company**

Category	Nos. of Employees
	Present
Administrative staff	10
Factory staff	14
Skilled workers	54
Semi-skilled workers	10
TOTAL	88

Manpower requirement for Proposed Activity

Category	Nos. of Employees
	Proposed
Administrative staff	4
Factory staff	9
Skilled workers	26
Semi-skilled workers	15
TOTAL	54

Semi-skilled and unskilled labour required for the new project, will recruited locally as per the requirement. Our Company already has key employees required for managing the Project operations disclosed under "Key Managerial Personnel" on Page No. 116 of this Prospectus. Further, we do not envisage any difficulty in recruiting / hiring additional manpower as and when required, as manpower is easily available due to concentrated industrialization in the nearby areas.

Products of our Company Existing Product

Currently, we are into manufacturing of Polyester Texturised Yarn (PTY), which is mainly used for manufacturing apparels i.e. shirting, suiting, ladies' dress material, etc. We use POY as main raw material for manufacturing PTY.

Synthetic Textiles due to their many inherent advantages, have long replaced the conventional fabrics made from natural fibres. As a result the demand for synthetic fabrics made from man-made fibres has been long established and is steadily rising over a period of years. Synthetics are the most versatile of clothing materials. They are popular due to their durability, low maintenance, capacity to take various colors, resistant to heat and dirt etc. Another advantage of synthetic fibre is their ability to mix well with natural fibers like cotton.

DETAILS OF BUSINESS OF THE ISSUER COMPANY LOCATION

Our manufacturing facility is presently housed at the following three units:

- **Unit 1**
Plot No. 20, Sheetal Industrial Estate, Demini Road, Dadra, Dadara and Nagar Haveli, 396 191
- **Unit 2**
Plot No. 44, Government Industrial Estate, Masat, Samarwani, Dadara and Nagar Haveli, 396 230.
- **Unit 3**
Plot No. 185/1, Narolli Village, Silvassa, Dadara and Nagar Haveli, 396 235.

The Registered Office of our Company is situated at 2, Anantwadi, Vaidya Bhawan, 1st Floor, Bhuleshwar, Mumbai- 400 002, Maharashtra and the manufacturing units of our Company are located at Dadra, Nagar and Haveli. Silvassa has a very low power tariff (Rs. 2.90/ Unit) to support industrial production. Being an industrial hub, the location is already having the basic infrastructure and the related services. This location is well connected by rail, road from Mumbai and Surat which are major textile markets in western part of the country. With only a few hours of drive from Mumbai, the strategic location of the units at Silvassa has a great advantage in terms of strong logistics, better connectivity and quicker accessibility via rail and road ensuring on-time procurement of raw materials and deliveries to the customers.

PLANT & MACHINERY

The proposed project for the expansion of the knitting division requires 30 imported Knitting Machines and 30 indigenous Twisting and other related machines. The company has placed order for 30 TFO machines and 15 "120 spindle cops winder machine" worth Rs 637.77 Lacs.. The details of the plant, machineries and other accessories are mentioned on Page No.44 of this Prospectus under the head "Objects of the Issue".

The details of existing machineries as on March 31, 2009 are as follows:

Sr. No.	Particulars	Qty.
1.	Texturising Machines	14
2.	TFO Machine	5
3.	Rewinder	2

4.	Roto Compressor & Software Starter	2
5.	Starup Compressor	2
6.	Cooling Tower	2
7.	Roto jets & Pipe lines	2
8.	R.O. Plant	2
9.	Alidhra Machine	4
10.	Transformer 2500 KVA	2
11.	Hydrolic Pallet	6
12.	Electronic Weighing Scale	8
13.	Borewell	5
14.	Fire Extinguishsher	10
15.	Electrical Penel Board 11KV	3
16.	Cable try	1
17.	LT Panel & Cables	1
18.	Summersable Pump	6
	<u>ELECTRIC INSTALLATIONS</u>	
19.	Pannels & Cables	1
20.	Transformer	2
21.	Borewell Tube	2
22.	Stock (Poy & Finish Goods)	1
23.	Packing Material	1
24.	Yarn Oil	1
25.	Stores & Spares	1
26.	Computer	1
27.	Furniture & Fixtures	1
28.	Weight Scale	1
29.	Strapping Machines	1
30.	Lab Equipment	1

Note: 2 Texturising Machines are already procured but yet to be Installed (not Funded through IPO Proceeds).

TECHNOLOGY

Technological Factors of Plant and Machineries

COLLABORATIONS

We have not entered into any technical or other collaboration.

Past Production figures of our Company

Class of Goods	Unit	As on Sept 30, 2010	F.Y 2009-10	F.Y 2008-09
Texturised Yarn	Mt	6641.18	10587.67	9462.29
Twisted Yarn	Mt	272.83	598.96	567.34

Existing & Proposed Capacity of our Company

Name of the Division	Existing Capacity (MTPA)	Proposed Addition (MTPA)	Capacity after Proposed Expansion (MTPA)
Twisting	600	3960	4,560
Knitting	Nil	1980	1,980
Texturising	27400	Nil	27,400

EXISTING CAPACITY & CAPACITY UTILISATION

		Unit	2007-08	2008-09	2009-10
Texturising	Existing				
	Installed	MT	13200.00	13200.00	13860.00
	Utilised	MT	4282.73	9462.29	10587.67
	% Utilised		32.44%	71.68%	76.39%
	New				
	Installed	MT			14200.00
	Utilised	MT			
	% Utilised				
	Overall				
	Installed	MT			27400.00
	Utilised	MT			
	% Utilised				
Twisting	Existing				
	Installed	Meter	660.00	660.00	660.00
	Utilised	Meter	601.00	567.00	598.96
	% Utilised		91.00%	85.96%	90.75%
	New				
	Installed	Meter	-	--	-
	Utilised	Meter	-	-	-
	% of Utilised		-	-	-
Knitting	Overall				
	Installed	Meter			
	Utilised	Meter			
	% Utilised				

Exports

Our Company has been exporting its products from the Financial Year 2008-09. As per the Audited Balance Sheet for the 6 months period ended September 30, 2010 of our Company, SPYL had exported its products worth Rs. 474.26 Lacs

Export Obligations

A Bank Guarantee has been issued for Rs. 49.55 Lacs by our Company by way of security for fulfillment of export obligations since our Company is covered under Export Promotion Capital Goods (EPCG) scheme which allows the import of capital goods at a concessional rate of 3.00% custom duty. The Bank Guarantee shall remain in force till the completion of the export obligation.

Details	License No.	Issue Date	Duty Saved (Rs. in Lacs)	Export Obligation (Rs. in Lacs)	Export Obligation Completed (Rs. in Lacs)	Balance Export obligation to be completed (Rs. in Lacs)	Period to which Export Obligation to be completed
Polyester Texturised & Twisted Yarn	0330024304/3/11/00	Sep 11, 2009	617.93	4943.43	710.28	4233.14	8 years from the Issue Date of the License

Demand and Supply forecast

The demand of the product is more than its current production figures.

Approach to Marketing and Proposed Marketing Set-up

Our Company has an established client base and we are marketing our products through various dealers and distributors in Mumbai, Bhiwandi, Surat, Ludhiana, Secunderabad, Meerut, Panipat, Delhi, Bhilwara, Erode, Salem, Coimbatore, Ichalkaranji, Malegaon and Calcutta markets. Our manufacturing locations are considered suitable in view of the demand and supply position of PTY, as our manufacturing units are located at Silvassa, which is near to Bhiwandi and Surat, the major consumption centers of Texturised Yarn. With the implementation of the proposed project a part of our Company's output shall be captively consumed. SPYL is also planning to widen its distribution network through various dealers and agents for its proposed project.

BUSINESS STRATEGY

As a business strategy, we believe in specialization into one segment and to become cost efficient to remain competitive in the market. As part of implementation of the said strategy, since incorporation, our Company has been engaged into manufacturing of Polyester Texturised Yarn (PTY), and currently we have three existing PTY manufacturing units with a capacity of 27,400 M.T.P.A. of Texturised Yarn and 660 MTPA of Twisted Yarn at Silvassa in the Union Territory of Dadra & Nagar Haveli. Our Company proposes to take up value addition by way of manufacturing knitted fabric. Our Company enjoys steady market and is confident of marketing its products through the same channels.

COMPETITIVE STRENGTH

Our Company believes that the following are its principal competitive strengths, which differentiate it from other companies in similar line of business:

- **Experience of the Promoters**

The Promoters have in-depth knowledge and wide experience in the industry and have successfully implemented expansion projects earlier. The Promoters have successfully implemented the expansion of Texturising Unit from 13,200 MTPA to 27,400 MTPA in 2009-10. (includes the capacity of 2 Texturising Machines already Procured but yet to be Installed (not Funded through IPO Proceeds).

Mr. Ramniranjan Ruia the Core Promoter of the Company started his career in 1968 in the field of textile trading as a Sole Proprietor. In 1986, recognizing the opportunities in manufacture of polyester yarn, Mr. Ruia started Ruia Silk and Synthetics Private Limited in 1986, with the main objective of:

To carry on the business of weavers, spinners, manufacturers, ginner, processors, dyers, knitters, crimpers, bleachers, doublers, packers and balers of cotton, silk, artificial silk, linen, rayon, polyester, viscose, nylon, manmade synthetic fibers and yarns, staple fibers, wool waste droppings, and any other fibrous material and the cultivation thereof, and the business of weaving or otherwise manufacturing, bleaching, printing, processing, dyeing and selling yarn, cloth, linen and other goods and fabrics whether textile, felted, netted or looped.

Mr. Mukesh Ruia is the Core Promoter and the Managing Director of the Company. Mr. Ruia has experience of over 18 years in the Textile Industry. Mr. Ruia, a Commerce Graduate, has done course in Weaving and Designing conducted by the Synthetic and Art Silk Mills' Association (SASMIRA), an institute recognized by the Council of Scientific and Industrial Research. Mr. Ruia has also obtained Diploma by NIIT and done a course in Import- Export from the Indo-American Society.

Mr. Ruia is the Founder Director and under his leadership, our Company has performed consistently well since it was taken over in the year 1993.

Mr. Ruia in the year 1993 took over the Issuer Company from then promoters and since then, has been associated

with the issuer company for strategic planning and development of the Company.

• **Experienced Staff**

Name	Role in the Company	Qualification	Experience (years)	Details of Previous employment
Mr. Shiv Ratan Agarwal	CFO & Compliance Officer	B.Com, ACA	1 1/2 years	Aklivus Alternative Asset Advisors
Mr. Deepak S Modi	Company Secretary	B.Com, ACS, LLB	6 months	Kothari H & Associates
Mr. J.P Sahu	Production Manager	Diploma in Business Management, Diploma in Manmade textiles, Diploma in Knitting Technology	27 years	Welspun Ind. Ltd
Mr. R.K. Nair	Commercial Manager	B.Com	24 years	Chabria Polyester
Mr. Anmol Patil	H.R. Officer	Master in Personal Management	6 years	Orient Press Ltd
Mr. Kamlesh Sharma	Marketing Manager	S.S.C	18 years	First Appointment
Mr. Vimal Yadav	Commercial	Graduation	33 years	Bhilosa Filament Ltd

Existing Profit Making Company

Our Company is an existing profit making company since inception.

(Rs. in Lacs)

Particulars	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	6 Months period ended Sept 30, 2010
<u>Income</u>						
<u>Sales</u>						
Of Products Manufactured by the Issuer	810.11	1,562.67	3,251.72	7,762.95	8,937.11	5,757.46
Of Products Traded in by the Issuer	130.55	206.16	-	-	-	-
Net Sales	940.66	1,768.83	3,251.72	7,762.95	8,937.11	5,757.46
Other Income (Refer Annexure VII)	7.70	0.64	2.35	13.50	3.64	1.32
Increase /(Decrease) in Inventories	(6.56)	18.62	142.20	(25.34)	10.29	237.53
Total	941.80	1,788.08	3,396.26	7,751.11	8,951.04	5,996.31
<u>Expenditure</u>						
Materials Consumed/ Sold	797.15	1,529.22	2,853.83	6,377.00	7,249.22	4,819.95
Manufacturing Expenses	61.18	105.35	211.22	652.62	735.18	448.89
Staff Costs	11.79	21.01	38.53	64.49	64.75	52.69
Administrative, Selling & Other Expenses	11.20	15.87	16.72	32.91	74.21	82.60
Interest and other finance charges	16.54	46.15	98.02	250.37	262.60	206.64

Depreciation	20.69	49.83	79.54	195.16	218.09	157.49
Total	918.56	1,767.42	3,297.86	7,572.55	8,604.05	5,768.26
<u>Net Profit / (Loss) before tax</u>	23.25	20.66	98.41	178.56	346.99	228.05
Taxation (including Current, Deferred , FBT & MAT credit entitlement)						
- Current Tax	2.07	2.47	11.00	22.24	63.87	51.10
- Fringe Benefit Tax	0.20	0.32	0.45	0.45	-	-
- Deferred Tax Liability/(Assets)	7.87	7.28	29.15	60.68	72.13	19.44
-Add: MAT Credit Entitlement	-	-	-	(30.37)	(9.90)	
<u>Net Profit \ (Loss) after tax</u>	13.11	10.59	57.81	125.56	220.89	157.51
Short /(Excess) Provision in respect of income tax for earlier years	(1.36)	-	0.71	1.04	0.13	-
Prior Period Items	-	-	(1.47)	7.09	-	(4.51)
Depreciation of earlier years	-	-	-	-	-	-
<u>Net Profit \ (Loss) after tax as per audited financial statements (A)</u>	14.47	10.59	58.57	117.43	220.76	162.02
Add/ (Less): Adjustments on account of restatements:[As per Annexure VI (Note C (6))]	(1.04)	1.43	(8.62)	8.27	4.48	(4.51)
<u>Net Profit/(Loss) as restated (A + / (-) B)</u>	13.43	12.02	49.95	125.69	225.24	157.51
<u>Profit/(Loss) Available for Appropriation as restated</u>	13.43	12.02	49.95	125.70	225.24	157.51
Appropriations:						
- Transferred to General Reserve	-	-	-	-	-	-
- Proposed Dividend	-	-	-	4.95	9.90	-
- Tax on Dividend	-	-	-	0.84	1.64	-
Total Appropriations	-	-	-	5.79	11.54	-
<u>Balance carried forward to Balance Sheet as restated</u>	13.43	12.02	49.95	119.91	213.70	157.51

• **Use of efficient technology for increased efficiency**

We would deploy technologically efficient equipments and control instrumentation would enable minimum energy consumption in process of manufacturing, thereby increasing the operational efficiency of the plant. It will be one of the best in the Industry, specifically from Germany & China considering the future trends, innovation & committed service to all the clients.

In the texturising industry there are no dynamic changes or up gradation of technological processes. Basically earlier there were machines with 312 spindles and after a period of decade the technology has been upgraded to machines with 336 spindles. So there is no constant up gradation of technology in the industry. The companies, which are using the machines with 312 spindles, are also able to survive in the market profitability. The increase in the number of spindles only increases the production capacity of the manufacturing companies but the technology used in both the machines is same, in all respect. Hence technology up gradation will not render the production process obsolete and is not require making any substantial capital investment. Therefore the companies using machines with 312 spindles have to install more machines compare to companies using machines with 336 spindles. However machines with 336 spindles are the latest machines having same technology available in the market.

Therefore the company has installed machines with 336 spindles which are available and competent in the industry for the texturising process.

- **Locational advantages to the Project**

The site for our proposed expansion project is with only a few hours of drive from Mumbai, the strategic location of the unit is an advantage in terms of logistics, better connectivity & quicker accessibility via Road, ensuring on-time procurement of raw materials and deliveries to the clients.

Silvassa is about 180 kms from Mumbai and 17 kms from Vapi, the nearest railway station. Usually, most of the raw materials are purchased from depots at Silvassa, Daman and neighboring cities.

The strategic location of the unit is an advantage in terms of logistics, better connectivity & quicker accessibility via Road, ensuring on-time procurement of raw materials and deliveries to the clients.

- **Capability to manage multiple and large orders**

Large orders require capabilities to manage large workforce, complex sourcing, production planning and ability to ensure timely delivery to the customer. Over the years, our company has developed the expertise to manage multiple large orders. Our Company also has the capability to execute export orders.

Our company has capacity and capability to handle multiple and large Orders as is evident from the following:

Class of Goods	Unit	As on Sept 30, 2010	F.Y 2009-10	F.Y 2008-09
Texturised Yarn	Mt	6641.18	10587.67	9462.29
Twisted Yarn	Mt	272.83	598.96	567.34

FUTURE PROSPECTS: EXPANSION PLANS

Under the present proposal, our Company is going for forward integration to manufacture Twisted Yarn by installation of 30 TFO machines and to manufacture Knitted Yarn by installation of 30 Knitting Machines.

PROPERTY

SPYL currently own the following properties in its name, which is currently used for the commercial purposes:

Sr. No.	Location	Extant of land	Type of Property
1	Plot No. 44, Govt. Industrial Estate, Masat, constituting Revenue Survey No. 713/ Part within Village limit of Samarwarni, Taluka Dadar and Nagar	3,000 sq. mt	Leasehold
2	Plot No. 20, Survey No. 260 (Part) Village Dadra, Taluka Silvassa, U.T of Dadra and Nagar Haveli	1250 sq. mt.	Freehold
3	Survey No. 185/ 1, Village Naroli of the UT of Dadra, and Nagar Haveli	47,900 sq. mt.	Freehold

Our Company does not propose to acquire the land for the proposed project. The entities/persons from which our Company has acquired the land or propose to acquire the land are not related to any of the promoters / directors of our company.

INSURANCE

The following risks are covered under various insurance policies obtained by the Issuer Company:

- a) **Fire**
- b) **Lightening**
- c) **Explosion and Implosions**
- d) **Aircraft Damage**
- e) **Riot, Strike, Malicious Damage**

The company has taken suitable and adequate insurance policies in order to cover the risk associated with the financial condition and business operations. The company has taken all the insurance policies from "The New India Assurance Company".

The Company has fully insured the fixed assets and stocks of the company at reinstated value and the policies taken by the company are adequate and sufficient to cover and protect us against the operating hazards and any material adverse effect on the business.

Our Company has the following insurance policies with The New India Assurance Company Limited as on date:

(in Rs.)							
Sr. No.	Policy No.	Place of Insurance	Type of Risk	Interest Insured	Period	Sum Insured	Premium (p.a.)
1	140402/11/10/11/00000004	Unit 1-Sheetal Industrial estate, plot No-20, Demini Road, Dadra, Dadra and Nagar Haveli, 396 191	Standard Fire and special Perils Policy.	-	1 year	5,08,75,000	7,631.25
2	14042/11/10/11/00000003	Plot No 44, Government Industrial Estate, Masat, Samarwani, Dadra and Nagar Haveli, 396 230	Standard Fire and Special Perils Policy.	-	1 year	17,25,68,000	25,885.20
3.	140402/11/09/11/00000046	Plot No 185/1, Narolli Village, Silvassa, Dadra and Nagar Haveli, 396 235	Standard fire and special Perils Policy.	-	1year	12,41,57,000	1,71,337

However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. Further, there are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

Total Insured sum of our three Units (I, II and III) amounts to Rs.3476.00 Lacs of which may not be adequate to protect us against all potential losses to which we may be subject to, and this may have a material adverse effect on our business. The Insurance Policies are on re- stated values.

5.3 KEY INDUSTRY REGULATIONS

The information detailed in this Chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

The Government of India has over the years formulated various regulations and policies for the development of the Textile Sector in India. Some of regulations and policies applicable to our Company are discussed below.

Textile Sector

1. TUFS

TUFS is the "flagship" Scheme of the Ministry of Textiles, Government of India, which aims at making available funds to the domestic textile industry for technology upgradation of existing units as well as to set up new units with state-of-the-art technology to enhance their viability and competitiveness in the domestic as well as international markets. The Government of India launched the TUFS for textiles and jute industries with effect from April 01, 1999 for a period of five (5) years, which was subsequently extended up to March 31, 2007 and further continued the Scheme for a period of five (5) years for the textiles & jute industries making certain further provisions in the financial and operational parameters of the Scheme. The Scheme provides interest reimbursement on spinning machinery at the rate of 4 per cent (4%). However, all the remaining sub-sectors covered under the scheme would get interest reimbursement at the rate of 5 per cent (5%). The Power loom units under TUFS have an additional option to avail of 20 per cent (20%) margin money subsidy in lieu of 5 per cent (5%) interest reimbursement on investment in TUFS compatible specified machinery subject to a capital ceiling of Rs. 200 Lacs and ceiling on subsidy Rs. 20 Lacs. The specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles will get a 5 per cent (5%) interest reimbursement plus 10 per cent (10%) capital subsidy. The Scheme further provides for 25 per cent (25%) capital subsidy on purchase of the new machinery and equipment for the pre-loom and post-loom operations, handlooms/upgradation of handlooms and testing and quality control equipment, for handloom production units. The main feature of the scheme is a 5% interest reimbursement in respect of loans availed there under from the concerned financial institution on a project of technology upgradation in conformity with this scheme.

2. NATIONAL FIBRE POLICY

The Report of the Working Group on Textiles & Jute Industry for the 11th Five Year Plan recommended consolidating the raw material base including cotton, wool, silk, Man Made Fibre, technical textiles and jute, to facilitate the growth process in the industry. Further, the High Level Committee on Manufacturing (HLCM) in June 2007, under the Chairmanship of the Prime Minister to consider, inter alia, the Action Plan for the growth of Textiles and Garments decided to formulate a Comprehensive Fibre Policy. It was held that man-made fibre sector required special attention as the fibre consumption was in the ratio of 57:43 between cotton and man-made fibres in contrast to the 40:60 ratio prevailing worldwide. HLCM felt that a long term Comprehensive Fibre Policy (natural & man-made) was required for steady availability of fibre.

Thus, in the above background and keeping in view the fact that the market economy and availability of fibre have been the determining forces in natural selection of production process, Minister of Textiles soon after assuming Office considered it imperative that a Comprehensive National Fibre Policy be devised as early as possible. Thus, he made a public announcement in June, 2009 regarding formulation of a 'National Fibre Policy', with a view to achieve a growth rate of 7 to 8% for the textiles industry.

In line with the announcement, a Working Group on National Fibre Policy was constituted on the 29th July, 2009, comprising Government organizations, Export Promotion Councils, Industry Associations and experts in the field drawn from eminent institutions/ organizations. As decided in the Working Group meeting in September 2009, eight Sub Groups on various fibres were formed to critically examine the relevant aspects and make recommendations to facilitate formulation of a comprehensive Fibre Policy. The issue is being pursued vigorously to put a policy in place as early as possible in consultation with all concerned stakeholders.

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\$ 55 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.

Milestones

- i) 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.
- ii) During 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 exports were of the order of US\$13.5 billion, US\$ 14.0 billion, US\$ 17.52 billion, US\$ 19.15 billion and US\$ 22.13 billion respectively, denoting an increase of 64% in last four years but declined by over 5% in 2008-09 with exports of US\$ 20.94 billion. The volume of exports, as compared to certain other countries, could not register a faster growth due to various reasons like constraints of infrastructure, high power and transaction cost, incidence of state level cess and duties, lack of state-of-the-art technology etc.

SCHEME FOR INTEGRATED TEXTILE PARKS (SITP)

The 'Scheme for Integrated Textile Parks (SITP)' is being implemented to facilitate setting up of textile units with appropriate support infrastructure. Industry Associations / Group of Entrepreneurs are the main promoters of the Integrated Textiles Park (ITP).

Scope of the Scheme

The Scheme targets industrial clusters/ locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost covers common infrastructure and buildings for production/ support activities, depending on the needs of the ITP. The components of an ITP are:

- (a) **Group A** - Land.
- (b) **Group B** - Common Infrastructure like compound wall, roads, drainage, water supply, electricity supply including captive power plant, effluent treatment, telecommunication lines etc.
- (c) **Group C** - Buildings for common facilities like testing laboratory, design center, training center, trade center/ display center, ware-housing facility/ raw material depot, crèche, canteen, workers' hostel, offices of service providers, labour rest and recreation facilities etc.
- (d) **Group D** - Factory buildings for production purposes.
- (e) **Group E** - Plant & Machinery.

The total Project Cost for the purpose of this Scheme includes the cost on account of components of ITP, as listed under Groups A, B, C and D above, provided the ownership of the factory buildings vests with the SPV. The SPV has, however, have the option of seeking financial support from Government of India for components under Groups B and C only, if factory buildings are individually owned.

Source: Ministry of Textiles, Annual Report 2009-10

TRADE RELATED SUBSIDIES

1. Export Promotion Capital Goods Scheme

The Scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods without any restriction on age is also allowed under the Foreign Trade Policy, which came into effect on September 01, 2004. The Foreign Trade Policy also permits EPCG license holders to opt for technological upgradation for their existing capital goods imported under the EPCG license, subject to certain prescribed conditions.

2. Advance Licensing Scheme

With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

3. Duty entitlement pass-book ("DEPB") scheme

DEPB credit rates have been prescribed for 83 textiles and clothing products. The scheme aims to neutralise the incidence of basic and special custom duty on the import content of the export product, by way of grant of duty credit against the export product at specified rates. However, these export incentives may be reviewed shortly to make them WTO-compatible.

4. Duty Drawback Scheme

Exporters are allowed refund of the excise and import duty suffered on inputs of the export products under this scheme. The Ministry of Finance, GoI announced the revised "All Industry Rates of Duty Drawback", which came into effect on May 05, 2005. The drawback rates have been determined on the basis of certain broad parameters including, inter alia, the prevailing prices of input, standard input/output norms published by the Directorate General of Foreign Trade, share of imports in the total consumption of inputs and the applied rates of duty.

REGULATIONS FOR FOREIGN INVESTMENT

1. FEMA Regulations

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the 'Automatic Route' within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. Presently, investments in companies engaged in the textile sector fall under the RBI's 'Automatic Route' for FDI/NRI investment of up to 100%. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, Government

of India, which is regulated by the FIPB.

2. Ministry of Industry, Department of Industrial Policy and Promotion, Press Note No. 17 (1998 series) With a view to encouraging investments towards setting up of integrated units and thus achieving value additions, as well as to address the current difficulties of the cotton yarn export oriented units, the Government of India promulgated Press Note No. 17 (1998 Series), which allows export oriented units the operational flexibility of exporting cotton yarn without being subject to domestic cotton sourcing restrictions to the extent provided for within the press note.

OTHER REGULATIONS

Foreign Investment Regulations

The new Industrial Policy was formulated in 1991 to implement the Government's liberalization programme and consequently, the industrial policy reforms relaxed industrial requirements and restrictions on foreign investment. In subsequent years, the Government has further liberalized the foreign investment regime.

Customs Regulations

All imports to the country or exports from the country are subject to duties under the Customs Tariff Act, 1975. However, the Government has the power to exempt certain specified goods from custom duty, by notification.

Apart from the above, other laws and regulations that may be applicable to our Company include the following:

- Contract Labour (Regulation and Abolition) Act, 1970
- Industries (Development and Regulation) Act, 1951
- Factories Act, 1948
- Employees' State Insurance Act, 1948
- Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- Payment of Gratuity Act, 1972
- Payment of Bonus Act, 1965
- Payment of Wages Act, 1936
- Minimum Wages Act, 1948
- Workmen Compensation Act, 1923
- Equal Remuneration Act, 1979
- Child Labour Prohibition and Regulation Act, 1986
- Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957
- Shops and Commercial Establishments Act and
- Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986

KEY GOVERNMENT INITIATIVES TO PROMOTE GROWTH OF THE INDIAN TEXTILE INDUSTRY

In order to encourage up gradation of textiles sector and to give a fillip to exports of textile products, some of the important initiatives taken are as follows:

i) Announcement of New Fiber Policy:

The Report of the Working Group on Textiles & Jute Industry for the 11th Five Year Plan recommended consolidating the raw material base including cotton, wool, silk, Man Made Fibre, technical textiles and jute, to facilitate the growth process in the industry. Further, the High Level Committee on Manufacturing (HLCM) in June 2007, under the

Chairmanship of the Prime Minister to consider, inter alia, the Action Plan for the growth of Textiles and Garments decided to formulate a Comprehensive Fibre Policy. It was held that man-made fibre sector required special attention as the fibre consumption was in the ratio of 57:43 between cotton and man-made fibres in contrast to the 40:60 ratio prevailing worldwide. HLCM felt that a long term Comprehensive Fibre Policy (natural & man-made) was required for steady availability of fibre.

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In line with the announcement, a Working Group on National Fibre Policy was constituted on the 29th July, 2009, comprising Government organizations, Export Promotion Councils, Industry Associations and experts in the field drawn from eminent institutions/ organizations. As decided in the Working Group meeting in September 2009, eight Sub Groups on various fibres were formed to critically examine the relevant aspects and make recommendations to facilitate formulation of a comprehensive Fibre Policy. The issue is being pursued vigorously to put a policy in place as early as possible in consultation with all concerned stakeholders.

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- (d) **Group D** - Factory buildings for production purposes.
- (e) **Group E** - Plant & Machinery.

The total Project Cost for the purpose of this Scheme includes the cost on account of components of ITP, as listed under Groups A, B, C and D above, provided the ownership of the factory buildings vests with the SPV. The SPV has, however, have the option of seeking financial support from Government of India for components under Groups B and C only, if factory buildings are individually owned.

Source: Ministry of Textiles, Annual Report 2009-10

(ii) Duty Drawback Scheme: The exporters are allowed refund of the excise and import duty suffered on raw materials under the scheme so as to make the products more competitive in the international market. From January 19, 2005, the Ministry of Finance restructured the drawback rate from value-based to quantity-based.

(iii) Human Resource Development: Attention has also been paid to Human Resource Development in the textile sector. Towards this end, particular mention deserves to be made of National Institute of Fashion Technology (NIFT), which is imparting training to Fashion Designers and Fashion Technologists to cater to the human resource requirements of garment industry. The NIFT has 12 branches at Delhi, Mumbai, Calcutta, Hyderabad, Bangalore, Chennai, Raebareli, Bhopal, Kanpur, Patna, Shillong and Gandhinagar.

The Ministry of Textiles is also concerned over the need to improve the quality of textile training institutes in the country. Therefore, a Nodal Centre for Upgradation of Textile Education has been established at the Indian Institute of Technology, Delhi with funding from the Ministry of Textiles. The Apparel Export Promotion Council has been running Apparel Training and Design Centres (ATDCs) at important apparel centres located at Chennai, Delhi, Kolkata, Hyderabad, Jaipur and Bangalore in order to impart training at shop floor level to meet the growing needs of apparel industry.

(iv) Construction of Apparel International Mart: With a view to attract FDI in the apparel sector and give a further fillip to exports in the apparel sourcing/ manufacturing sector, Apparel Export Promotion Council (AEPC), India's apex body for promoting apparel exports has set up and operates a world class 'Apparel International Mart' (AIM) at Gurgaon, which, among others, houses 400 showrooms. It now caters to a global audience comprising of buying houses, apparel importers, fashion labels, designers, large format retail manufacturers & distributors, fabric producers and general buyers.

Now AEPC is planning for an AIM in Kolkata along the lines of the one that exists in Gurgaon. It wishes to see such an AIM coming up in the city to boost apparel exports from the eastern region. AEPC isn't keen to take all the responsibility for setting up AIM in Kolkata; Instead, it wants the State Export Promotion Board (West Bengal) to take up the main initiative in setting up a business promotional mart in Kolkata, with support from AEPC.

(v) Setting up of modern Laboratories: The Ministry of Textiles has assisted the Textile Committee in setting up of modern textile laboratories to ensure that the textiles exported from the country meet all international environmental standards.

(vi) Apparel Park for Exports Scheme: A centrally sponsored scheme titled "Apparel Parks for Exports Scheme" has been launched. The Scheme is intended to impart focused thrust to setting up of apparel Manufacturing units of international standards at potential growth centres and to give fillip to exports. Since the inception of scheme in March 2002, a number of project Proposals has been sanctioned for setting up Apparel Parks such as Apparel parks at Tronica City and Kanpur (U.P.), Surat (Gujarat), Thiruvananthapuram (Kerala), Visakhapatnam (Andhra Pradesh), Ludhiana (Punjab), Bangalore (Karnataka), Tirupur and Kanchipuram (Tamil Nadu), SEZ, Indore (Madhya Pradesh) and Mahal (Jaipur, Rajasthan).

(vii) Textile Centres Infrastructure Development Scheme (TCIDS): Development of infrastructure facilities at pre-dominantly textile/apparel sector areas is one of the thrust areas of NTxP-2000. For attaining this objective, a new scheme (TCIDS) has been launched for upgrading infrastructure facilities at important textile centers.

FOREIGN TRADE POLICY 2009-2014

In order to provide thrust to exports, foreign trade policy provides for certain schemes for the promotional measures:

1. Market Linked Focus Product Scheme:

Market Linked Focus Product Scheme (MLFPS) has been greatly expanded to include a number of products. Some major products include; Synthetic textile fabrics, textile madeups, knitted and crocheted fabrics, value added rubber products, Pharmaceuticals, value added plastic goods, glass products, certain iron and steel products and certain articles of aluminium among others. Benefits to these products will be provided, if exports are made to 13 identified markets (Algeria, Egypt, Kenya, Nigeria, South Africa, Tanzania, Brazil, Mexico, Ukraine, Vietnam, Cambodia, Australia and New Zealand)

2. Technological Upgradation:

To aid technological upgradation of our export sector, EPCG Scheme at Zero Duty has been introduced. This Scheme will be available for engineering & electronic products, basic chemicals & pharmaceuticals, apparels & textiles, plastics, handicrafts, chemicals & allied products and leather & leather products (subject to exclusions of current beneficiaries under Technological Upgradation Fund Schemes (TUFS), administered by Ministry of Textiles and beneficiaries of Status Holder Incentive Scheme in that particular year). The scheme shall be in operation till 31.3.2011.

3. Market Access Initiative (MAI) scheme

Market Access Initiative (MAI) scheme is intended to provide financial assistance for medium term export promotion efforts with a sharp focus on a country and product. The financial assistance is available for Export Promotion Councils, Industry and Trade Associations, Agencies of State Governments, Indian Commercial Missions abroad and other eligible entities as may be notified from time to time.

4. Marketing Development Assistance (MDA) Scheme

The Marketing Development Assistance (MDA) Scheme is intended to provide financial assistance for a range of export promotion activities implemented by export promotion councils, industry and trade associations on a regular basis every year. As per the revised MDA guidelines with effect from 1st April, 2004 assistance under MDA is available for exporters with annual export turnover upto Rs. 5 crores.

5. Meeting Legal expenses for Trade related matter

Financial assistance would be provided to deserving exporters on the recommendation of Export Promotion Councils for meeting the cost of legal expenses relating to trade related matters.

6. Brand Promotions and Quality

The Central Government aims to encourage manufacturers and exporters to attain internationally accepted standards of quality for their products. The Central Government has recognised the need to support and shall assist Trade and Industry to launch a nationwide programme on quality awareness and to promote the concept of total quality management.

New TUF Policy

- 4 percent interest reimbursement for spinning machinery
- 5 percent interest reimbursement for all the remaining sectors
- 10 percent capital subsidy in addition to 5 percent interest reimbursement for machinery required in manufacturing technical textile and garment.
- The targeted growth rate is 16 percent and makes an investment of Rs 150,600 Crores during the five-year period.

(a) Provision of 4% interest reimbursement for spinning machinery.

(b) Retention of the provision for 5% interest reimbursement for all the remaining sectors.

(c) Retention of the provision to purchase second hand machinery for shuttleless powerlooms.

(d) Margin Money subsidy @ 20% to the powerloom units in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 Lacs from Rs. 100 Lacs. A minimum of 15% equity contribution from beneficiaries will be ensured.

(e) Margin Money subsidy @ 15% for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 Lacs from Rs. 100 Lacs. A minimum of 15% equity contribution from beneficiaries will be ensured.

(f) 10% capital subsidy in addition to 5% interest reimbursement for machineries required in manufacture of technical textiles and garments will be provided machineries. The same level of assistance will continue for specified processing machinery.

(g) Interest subsidy/capital subsidy/Margin Money subsidy on the basic value of the machineries and exclude the tax component for the purpose of valuation.

(h) 25% capital subsidy on purchase of the new machinery and equipments for the pre-loom and post-loom operations, handlooms/up-gradation of handlooms and testing and Quality Control equipments, for handloom production units in addition investments like land, factory building, pre-operative expenses and margin money for working capital will be assisted with 50% cap.

(i) Investments like land, factory building, pre-operative expenses and margin money for working capital will now be ineligible for benefit of reimbursement under the scheme except meant for apparel sector with existing 50% cap.

The WTO 2005 Initiative

Protection of the textile and clothing sector has a long history in United States and Europe. In the 1950s, Japan, Hong Kong, China, India and Pakistan agreed to voluntary export restraints for cotton textile products to the United States. In 1962 a Long Term Agreement regarding International Trade in Cotton Textiles (LTA) was signed under the auspices of the GATT (replacing a 1-year short-term agreement). The LTA was renegotiated several times until it was replaced by the MFA, which extended restrictions on trade to wool and man-made fibres in addition to cotton. Since 1947, when the General Agreements on Tariff and Trade (GATT) was first signed, an increasing proportion of international trade was regulated by the international agreements, designed to ensure countries could erect or maintain barriers to international trade only under mutually agreed terms.

Apparel / readymade garments were not included in GATT provisions. In 1947, the Multi-Fibre Agreement (MFA) was signed, without reference to GATT, essentially ratifying countries right to impose quotas on textiles and apparel/readymade garment imports from each other. This was intended to be a temporary measure allowing developed countries time to restructure their apparel / ready-made garments and textile industries beyond opening them up to competition from developed countries. In practice the MFA was frequently renewed. In 1994, GATT signatories signed the Agreement on Textiles and Clothing (ATC), committing to phasing out MFA and replacing it by the general systems for agreeing trade barriers and disputes that the GATT has laid down. Almost simultaneously, the GATT was replaced by the World Trade Organization (WTO).

The most important underlying principles of the ATC are:

- The quotas would be phased out to an agreed timetable (16% of Imports, quota-free by January 11, 1995, further 17% by January 1, 1998, further 18% by January 1, 2002 and the remaining 49% by January 1, 2005)
- There would be no extension date
- The ATC would be binding only on trade between WTO member states

There would be no temporary provisions while the ATC was in force for monitoring progress and managing duties. Accordingly, quota restrictions have been removed with effect from January 1, 2005.

This removal of world trade quota restrictions is expected to bring a change in the global apparel trade. Productivity, labour costs, quality and creativity will determine which countries will eventually emerge as winners.

Liberalisation of FDI Policy

Government has allowed foreign equity participation upto 100% through automatic route, in the textile sector with the only exception in knitwear/knitting sector, which is still reserved for SSI. SSI investment limit for the knitwear/knitting sector has been increased from Rs. 1 Crore to Rs. 5.00 Crores.

The Import and Export Policy of India

a) Export Promotion Capital Goods (EPCG) Scheme: The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods is allowed under the EXIM Policy as announced on 31.03.2003.

b) Advance Licensing Scheme : With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

c) Duty Exemption Pass Book (DEPB) Scheme: DEPB credit rates have been prescribed for 82 textiles and clothing products. The nomenclature and rates for DEPB entries pertaining to certain textile products have been rationalised. However, these export incentives are to be reviewed shortly to make it WTO-compatible.

d) Duty Drawback Scheme: The exporters are allowed refund of the excise and import duty suffered on raw materials under the scheme so as to make the products more competitive in the international market. From January 19, 2005, the Ministry of Finance restructured the drawback rate from the value-based to quantity-based.

5.4 HISTORY AND CORPORATE STRUCTURE OF THE ISSUER COMPANY

Shekhawati Poly-Yarn Limited was originally incorporated on November 5, 1990 as a Private Limited Company under the Companies Act, 1956 in the State of Maharashtra and a Certificate of Incorporation was obtained from the Addl. Registrar of Companies, Maharashtra, Mumbai having a Certificate No. 11-58818/1990. Later, it was converted into a Public Limited Company by passing a Special Resolution at the Extra Ordinary General Meeting of the Company held on 27th Feb, 2010 and Fresh Certificate of Incorporation for the same was obtained from the Registrar of Companies, Maharashtra, Mumbai on 19th April, 2010.

Our Company presently is engaged in manufacturing of Knitted and Woven Fabrics with its registered Office at 2, Anantwadi, Vaidya Bhawan, 1st Floor, Bhuleshwar, Mumbai- 400 002 and manufacturing facilities at:

Unit 1
Plot No 20, Sheetal Industrial Estate, Demini Road, Dadra, Dadra and Nagar Haveli, 396 191
Unit 2
Plot No 44, Government Industrial Estate, Masat, Samarwani, Dadra and Nagar Haveli, 396 230
Unit 3
Plot No 185/1, Naroli Village, Kanadi Phatak, Silvassa, Dadra and Nagar Haveli, 396 235

MAJOR EVENTS OF OUR COMPANY

Shekhawati Poly-Yarn Limited ('Shekhawati') was incorporated in 1990 with an object to deal in textiles. It started manufacturing Texturised Yarn with 2 machines setup in 1995-97 (**Unit 1**). Our Company soon identified opportunities in selling Twisted Yarn and integrated its facilities to manufacture Twisted Yarn by installing Twisting Machines (TFO). It then replaced two Texturising Machines by installing newer technology high speed Texturising Machines along with 5 TFO machines in 2005. With aggressive expansion plans, our Company expanded into **Unit 2** by adding 8 additional Texturising Machines. Our Company in March 2009 had 10 Texturising Machines and 5 Twisting (TFO) Machines in operations.

Shekhawati identified 12 acre land at Silvassa to install 10 additional Texturising Machines in factory building admeasuring 55000 Sq.ft. The civil construction of the factory has been completed and production with 8 new machines has been started.

This is Phase 1 of the proposed expansion program in our Company for which the financial closure has been done by bringing in Part equity and part debt. The expansion project for the Unit 3 has been financed partly by Term Loans from State Bank of India and Shamrao Vithal Co-operative Bank and by owner's contribution.

The expansion History is summarized as below:

Year	Activity	Capacity (Total)
1990	Incorporation	Trading of Textiles
1995-96	Setting-up of Unit 1 at Village Dadra, Silvassa – with one Texturising Machine	600 TPA
1996-97	Additional One Texturising Machine Installed	1200 TPA
2005-06	Modernisation of Texturising Machines to increase installed capacity	2400 TPA
	Forward Integration to Twisting by installing 5 TFO machines	600 TPA
2007-08	Setting-up of Unit II at Village Masat, for manufacturing Texturised Yarn by installation of 8 additional Texturising Machines	10800 TPA
2009-10	Construction of Unit 3 completed at Silvassa measuring 55000 Sq. Ft.	Installation of 4 Texturising Machines is completed and 6 Texturising Machines

		are already Procured but yet to be Installed (not Funded through IPO Proceeds).
2010-11	Installation of Texturising Machines	Out of the 6 Texturising Machines already procured as mentioned above, 4 Machines have been installed and 2 Machines are yet to be installed.

COMPANY'S MAIN OBJECTS:

THE MAIN OBJECTS OF COMPANY AS STATED IN THE MEMORANDUM OF ASSOCIATION ARE:

To carry on the business of manufacturers, producers, processors, bleachers, dyers, ginnerers, spinners, doublers, texturisers, crimpers, exporters, buyers, sellers of and dealers in yarn, fibres and fabrics, whether synthetic, artificial or natural, nylon, polyester, acrylics, rayon, silk, artificial silk, linen, cotton, wool, jute and any other fibres or fibrous material and substitutes for all or any of them, wool combers, worsted spinners, woolen spinners.

Changes in Registered Office of our Company

The Registered Office of our Company was earlier situated at Solaris 1-B-241, Saki Vihar Road, Opp. L & T Gate No.6 , Andheri (East), Mumbai- 400 072 with effect from 30th March 2002 the Registered Office of our Company has shifted to 2, Anantwadi, Vaidya Bhawan, 1st Floor, Bhuleshwar, Mumbai- 400 002.

CHANGES IN THE MEMORANDUM OF ASSOCIATION

The following changes have been made in the Memorandum of Association of our Company, after approval of the Members, since incorporation:

Sr. No.	Date	Major Events / Achievements
1	04/04/1994	Increase in Authorized capital from 10,00,000 to 100,00,000
2	20/02/2006	Increase in Authorized capital from 100,00,000 to 1,15,00,000
3	05/03/2007	Increase in Authorized capital from 1,15,00,000 to 2,00,00,000
4	05/08/2008	Increase in Authorized capital from 2,00,00,000 to 2,60,00,000
5	15/01/2010	Increase in Authorized capital from 2,60,00,000 to 11,00,00,000
6	27/02/2010	Conversion of Company from Private Limited to Public Limited
7	11/06/2010	Increase in Authorized capital from 11,00,00,000 to 25,00,00,000

SUBSIDIARIES OF THE ISSUER COMPANY

We have no subsidiaries.

SHAREHOLDERS AGREEMENTS

There is no agreement between the shareholders and the Issuer Company.

STRATEGIC PARTNERS

There are no strategic partners with our Company.

FINANCIAL PARTNERS

There are no financial partners with our Company.

5.5 MANAGEMENT

As per the Articles of Association, our Company cannot have less than 3 Directors and more than 12 directors. The Board of Directors comprising of 6 (Six) directors currently manages our Company. Mr. Mukesh Ruia is the Managing Director of the Board, who looks after Purchase, Production, Finance and Sales under the supervision of the Board of Directors. The Managing Director is ably supported by professional and technically qualified team of executives. Mr. Ram Niranjana Ruia is the Non- Executive chairman.

The following table sets forth the details regarding the Board of Directors as on the date of filing of this Prospectus with SEBI:

BOARD OF DIRECTORS OF OUR COMPANY

Sr. No	Name, Age, Qualification, Occupation, DIN and PAN	Designation / Date of Appointment and	No. of Shares held in SPYL	Other Directorship	Residential Address
1	Mr. Mukesh Ruia, Business DIN: 00372083 PAN: AAGPR6658B Age: 38 years Qualification: B.Com, course in weaving and designing, conducted by 'The Synthetic and Art Silk Mills Research Association' (SASMIRA), an institute recognized by the Council of Scientific and Industrial Research, diploma from NIIT	Managing Director, 02/03/2010	31,30,470	Ruia Silk & Synthetics Pvt. Ltd.	B-2102, Lakshachandi Heights, Gokuldham, Goregaon (East), Mumbai-400063
2	Mr. Ramniranjan Ruia Business DIN: 00371987 PAN: AFDPR3299C Age: 62 years Qualification: Non- Matriculate	Chairman (Non-Executive) 29/04/1993	14,62,500	1. Ruia Silk & Synthetics Pvt.Ltd. 2. Ruia Rayon Pvt. Ltd.	B-2102, Lakshachandi Heights, Gokuldham, Goregaon (East), Mumbai-400063
3	Mr. Sanjay Balvantrai Jogi Business DIN:02949921 PAN: AADPJ0284G Age: 45 years Qualification: S.S.C	Director 27/02/2010	333	NIL	101-Blue Bell, Vasant Vally, Malad (E), Mumbai-400 097

4	Dr. Satish Chandra Kulhari Business DIN: 02699281 PAN: AAUPK4792M Age:53 years Qualification: Bachelor's Degree in Electronics, M.Tech. in Computer Science, IIT Kharagpur MBA (Fin.) from Andhra University PGDCM from Jamna Lal Bajaj Institute of Management Studies PhD. in Management - From Rajasthan University.	Director 04/05/2010	Nil	Choice International Limited	D 666 Malviya Nagar, J.D.A Tehsil,Sanga ner, Jaipur, 302017, Rajasthan, INDIA
5	Mr. Sanjay Kumar Churiwala Business DIN: 02061536 PAN: AABPC6793P Age:33 years Qualification: B.Com	Director 04/05/2010	Nil	Vineet Furnishings Private Limited	Shreeji Ville, Flat No.203, A- Wing, Opp. Nitin Casting, Panch Pakadi, Thane (W), Thane -
6	Mr. Debkumar Goswami Business DIN: 02390068 PAN: AIUPG3647D Age: 64 years Qualification: i) Bachelor of Mechanical Engineering ii) Master of Business Administration (M.B. A.) Certified Associates of Indian Institute of Banking & Finance (C.A.I.I.B)	Director 04/05/2010	Nil	1. Kredence Multi Trading Limited 2. Shree Uttam Steel & Power Limited	A/501, Vigyanshila, 7 Bungalow, New Juhu, Versova Link Road, Andheri (W) Mumbai- 400 061

The Board of Directors consists of six Directors, out of which 2 are Promoter Director, one Non-Executive Non-Independent Director and three directors are Independent Directors.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which the directors was selected as a director or member of senior management.

There is no service contracts entered into by the directors with our Company providing for benefits upon termination of employment.

As per Clause 99 of the Articles of Association of our Company, no qualification share is prescribed for being a Director of our Company.

DETAILS OF BORROWING POWERS

Power to Borrow

The Board may from time to time, at their discretion subject to the provisions of Section 58A, 292, 293 and 370 or the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of our Company.

Conditions on which Money may be Borrowed

The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by the Issue of Bonds, Perpetual or Redeemable, Debentures or Debenture-Stock, or any Mortgage, or other Security on the undertaking or the whole or any part of the property of our Company (both present and future) including its uncalled capital for the time being.

COMPENSATION OF MANAGING DIRECTOR / WHOLE TIME DIRECTORS/ DIRECTORS

The Compensation payable to the Managing Director/ Whole Time Directors/ other Directors, will be governed by the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956.

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from Mumbai for any purposes of our Company or in giving (special attention to the business of our Company or as a member of a Committee of the Board then subject to Section 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration to which he may be entitled.

The Directors shall be entitled to receive a commission to be divided between them in such manner as they shall from time to time determine and in default of determination, equally of one per cent of the net profits of our Company computed in the manner referred to in subsection (1) of Section 198 of the Act in any financial year. All other remuneration, if any, payable by our Company to such Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of our Company shall be determined in accordance with the subject to the provisions of these Articles and of the Act. The Directors shall be entitled to travelling hotel and other expenses incurred in consequence of their attending Board and Committee meetings, and otherwise incurred in the execution of their duties as Directors.

Currently our Company has been paying Rs.1,50,000/- per month remuneration to Mr. Mukesh Ruia (Managing Director). No other perquisites, profit sharing, bonus etc. is given to the above-mentioned Director other than per month salary.

INTEREST OF DIRECTORS

All the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws, and the Articles of Association.

The Directors may also be regarded as interested in the Equity Shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and/or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships or any partnership firm in which they are partners as may be declared in their respective

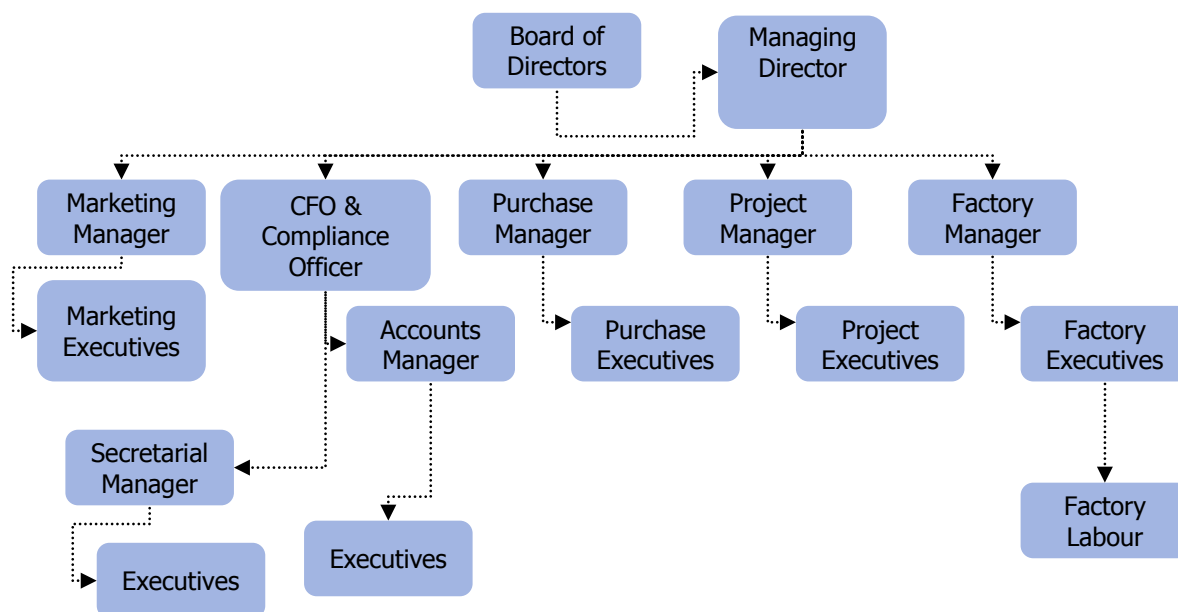
declarations.

The Managing Director and Whole time Directors of our Company are interested to the extent of remuneration paid to them for services rendered as officer or employee of our Company. Further, the Directors are also 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 in terms of this Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Prospectus, our Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

CHANGES IN BOARD OF DIRECTORS IN LAST 3 YEARS

Sr. No.	Name	Nature of Change	Date of Change	Reasons for Change
1	Mr. Anurag Poddar	Appointment as Director	28/05/2009	New Appointment
2	Mr. Anurag Poddar	Cessation as Director	22/01/2010	Resignation
3	Mr. Sanjay Balvantrai Jogi	Appointment as Director	22/02/2010	New Appointment
4	Mr. Sanjay Kumar Churiwala	Appointment as Director	04/05/2010	New Appointment
5	Dr. Satish Chandra Kulhari	Appointment as Director	04/05/2010	New Appointment
6	Mr. Debkumar Goswami	Appointment as Director	04/05/2010	New Appointment

ORGANIZATION CHART

Compliance with Corporate Governance requirements

Our Company has taken necessary steps to implement the provisions of the Corporate Governance in the spirit of listing of its equity shares on the Stock Exchange. Our Company has complied with the requirements of Corporate Governance contained in the Equity Listing Agreement, particularly those relating to composition of Board of Directors and constitution of Committees. Our Company has already constituted the following committees:

- a. Audit Committee
- b. Shareholders/Investor Grievance Committee
- c. Remuneration Committee

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges and our Company shall comply with the same. Our Company undertakes to adopt the Corporate Governance Code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on listing (Clause 49). The requirements pertaining to broad basing of the Board of Directors and the constitution of the committees such as the Audit Committee, Shareholder/Investor Grievance Committee have already been complied with. The Board of Directors consists of 6 directors of which 3 are independent directors (as defined under Clause 49), which constitutes 50% of the Board of Directors. This is in compliance with the requirements of Clause 49. In terms of the Clause 49, our Company has already appointed Independent Directors and constituted the following committees:

1. Audit Committee

Our Company had formed the Audit Committee vide Resolution of the Board of Director dated 17/05/2010. The constituted Audit Committee comprises following members and the committee shall meet at least 4 times a year:

Audit Committee		
Name of the Director	Status in Committee	Nature of Directorship
Mr. Sanjay Kumar Churiwala	Chairman	Independent Director
Mr. Sanjay B Jogi	Member	Non- Executive Non- Independent Director
Mr. Debkumar Goswami	Member	Independent Director

All the above members of the committees are experienced in finance and accounts. The Compliance Officer of our Company shall act as a secretary to the Audit Committee. The Chairman of the Audit Committee shall attend the Annual General Meeting of our Company to furnish clarifications to the shareholders in any matter relating to accounts.

The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and

Clause 49 of the Listing Agreement and its terms of reference include the following:

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 fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956,
 - b. Changes, if any, in accounting policies and practices and reasons for the same,
 - c. Major accounting entries involving estimates based on the exercise of judgment by management,
 - d. Significant adjustments made in the financial statements arising out of audit findings,
 - e. Compliance with listing and other legal requirements relating to financial statements,
 - f. Disclosure of any related party transactions, and
 - g. Qualifications in the audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors any significant findings and follow up there on.
9. 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.
10. 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.
11. 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.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee:

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

2. Shareholders' / Investors' Grievance Committee

Our Company had formed the Shareholders' / Investors' Grievance Committee vide Resolution of the Board of Director dated 17/05/2010. The constituted Shareholders' / Investors' Grievance Committee comprises following members and the Chairman:

Shareholders' / Investors' Grievance Committee		
Name of the Director	Status in Committee	Nature of Directorship
Mr. Sanjay Kumar Churiwala	Chairman	Independent Director
Mr. Mukesh Ruia	Member	Managing Director
Mr. Debkumar Goswami	Member	Independent Director

Role and Responsibilities of Shareholders' / Investors' Grievance Committee

This Committee is responsible for approving transfer of shares including transmission, splitting of shares into marketable lots, changing joint holding into single holding and vice versa and also for issuing duplicate share certificates in lieu of those torn, destroyed, lost or defaced or where the cases in the reverse for recording transfers have been duly utilized. It is also responsible for reviewing the process and mechanism of redressal of investor complaints and suggesting measures of improving the existing system of redressal of Investor Grievances.

Also, the Shareholders'/Investors' Grievances Committee is responsible for resolving various complaints of shareholders about transfer of shares, non-receipt of balance sheet non- receipt of interest/dividend payments, non-receipt of duplicate share certificate; any other grievances of the members/investors with company or any officer of our Company in performing his official duty; any other task assigned by the Board from time to time. This Committee will also oversee the performance of the Registrars, transfer agents and the depository related services. The Committee also oversees the implementation and compliance of the Code of Conduct adopted by our Company for Prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

The Shareholders' / Investor's Grievance Committee should meet quarterly in a year and as and when decided by the Board of the Directors of our Company.

3. Remuneration Committee

Our Company had formed the Remuneration Committee vide Resolution of the Board of Directors dated 17/05/2010. The constituted Remuneration Committee comprises following members and the Chairman:

Remuneration Committee		
Name of the Director	Status in Committee	Nature of Directorship
Mr. Sanjay Kumar Churiwala	Chairman	Independent Director
Mr. Sanjay B Jogi	Member	Non- Executive Non- Independent Director
Dr. Satish Chandra Kulhari	Member	Independent Director

Role and functions of Remuneration/ Compensation Committee

This Committee has been constituted to look into all matters pertaining to remuneration of directors and the administration of the employee stock option scheme.

The scope of Remuneration Committee includes fixation of suitable remuneration package of all the executive directors, i.e., salary, perquisites, bonuses, stock options, pensions etc.; determination of the fixed component and performance linked incentives along with performance criteria to the Directors of our Company; approve security contracts, notice period, severance fees of Directors; determining a suitable remuneration policy of the managing director(s)/officers and appointee(s) based on the criteria such as industry benchmarks, our Company's performance vis-à-vis the industry performance, track records of the Directors etc.; taking decision on the increments in the remuneration of the Directors and officers and to formulate appropriate remuneration policy.

The Remuneration Committee should meet quarterly and as and when decided by the Board of the Directors of our Company.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

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

Mr. Shiv Ratan Agarwal, Compliance Officer will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the Board

KEY MANAGEMENT PERSONNEL

Name and Designation	Role in the Company	Qualification	Experience (years)	C.T.C per annum (Rs. in Lacs)	Date of appointment	Details of Previous employment
Mr. Shiv Ratan Agarwal	CFO & Compliance Officer	B.Com, ACA	1 1/2 years	3.60	24/05/2010	Aklivus Alternative Asset Advisors
Mr. Deepak S Modi	Company Secretary	B.Com, ACS, LLB	6 months	3.00	12/07/2010	Kothari H & Associates

Mr. J.P Sahu	Production Manager	Diploma in Business Management, Diploma in Manmade textiles, Diploma in Knitting Technology	27 years	3.24	05/02/2008	Welspun Ind. Ltd
Mr. R.K. Nair	Commercial Manager	B.Com	24 years	2.40	01/10/08	Chabria Polyester
Mr. Anmol Patil	H.R. Officer	Master in Personal Management	6 years	1.08	31/11/2009	Orient Press Ltd
Mr. Kamlesh Sharma	Marketing Manager	S.S.C	18 years	0.96	20/04/1993	First Appointment
Mr. Vimal Yadav	Commercial	Graduation	33 years	1.44	15/01/2008	Bhilosa Filament Ltd

All the above-mentioned key managerial personnel are permanent employees of our Company, except Mr. Ram Niranjana Ruia, who is Promoter and Non - Executive Chairman of the Company.

CHANGES IN KEY MANAGEMENT PERSONNEL IN LAST 1 YEAR

There is no change in the Key Management Personnel of our Company in the last one year.

EMPLOYEES STOCK OPTION SCHEME OR STOCK PURCHASE SCHEME / PAYMENT OR BENEFITS TO OFFICER

Our Company does not have Employees Stock Option Scheme or Stock purchase Scheme. Our Company has not paid any non-salary related payment to employees in the preceding two years.

PAYMENT OR BENEFITS TO THE OFFICERS OF THE COMPANY

There are no payments or benefits given to the officers of the Company during the immediately preceding two years; the Company does not intend to pay any such non-salary related payments or benefits.

5.6 PROMOTERS/ PRINCIPLE SHAREHOLDERS Our Core Promoters are as follows:

	<p>Mr. Mukesh Ruia (Promoter, Managing Director) Age: 38 years Qualification: B.Com Experience: more than 18 years in Textile Industry Occupation: Business PAN: AAGPR6658B Passport No.: E9052285 Voter ID: MT/09/042/637286 Bank Account No.: 316002010024265 Name of the Bank & Branch: Union Bank of India , Bhuleshwar Branch</p>
	<p>Mr. Ram Niranjana Ruia (Promoter, Non-Executive Chairman) Age: 62 years Qualification: Non Matriculate Experience: more than 40 years in Textile Industry Occupation: Business PAN: AAFDPR3299C Passport No E648279 Voter ID: SIQ2272136 Bank Account No.: 316002010024266 Name of the Bank & Branch: Union Bank of India , Bhuleshwar Branch</p>

The Permanent Account Number, Bank Account details and Passport Number of the Promoters and our Company Registration Number and the address of the Registrar of Companies, where our Company has been registered for the corporate promoter have been submitted to Bombay Stock Exchange Limited and National Stock Exchange of India Limited on which our Company proposes to list its Equity Shares at the time of filing of this Prospectus.

Further, the Promoters have not been identified as a willful defaulter by RBI or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters. The current promoters of SPYL are not the original promoters of the Issuer Company. SPYL was originally promoted by Mr. Sajjan Kumar Jain, Mr. Rajneesh N. Jain, Mr. Ratanlal Jain and Mr. Rakesh Kumar Jain. The present Promoters took over our Company from the original Promoters on 27th April, 1993.

CORE PROMOTERS OF OUR COMPANY**1. Mr. Mukesh Ruia**

Mr. Mukesh Ruia, aged 38 years, is a young and dynamic entrepreneur. He is the founder of our Company. A Commerce Graduate from Mumbai University, Mr. Ruia has done a course in Weaving and Designing, conducted by The Synthetic and Art Silk Mills' Research Association (SASMIRA), an institute recognized by the Council of Scientific and Industrial Research. He has a Diploma awarded by NIIT and has done a course in Import Export from The Indo-American Society.

Mr. Mukesh Ruia has promoted one other company in which he is also acting as a Director namely

- Ruia Silk and Synthetics Private Limited

2. Mr. Ram Niranjana Ruia

Mr. Ram Niranjana Ruia, aged 62 years, non-matriculate and father of Mr. Mukesh Ruia, is the Non-Executive Chairman of our Company. He is one of the founding Director of Shekhawati Poly-Yarn Limited. He has around 40 years of experience in manufacturing and trading business.

Mr. Ram Niranjana Ruia has promoted two other companies in which he is also acting as a Director namely:-

- Ruia Rayons Private Limited
- Ruia Silks and Synthetics Private Limited

OTHER MEMBERS OF THE PROMOTERS' GROUP

3. SKI Buildcon Private Ltd.

SKI Buildcon Private Limited was incorporated on 10th December, 2008 with Corporate Identity Number – U45202MH2008PTC188782. The Registered Office of the Company is at -

2nd Anant Wadi, Vaidya Bhavan,

1st Floor, Bhuleshwar Road, Mumbai- 400002.

Main Objects of SKI Buildcon Private Limited are:

To carry on the business and deal in real estate, commercial properties, construction, infrastructure activities, purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, building, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, markets or other buildings residential and commercial or conveniences, drainage facility, electric, telephonic, television installations and to deal and market all kinds of properties in manner whatsoever, and entering into contracts and arrangements of all kinds with builders, tenants and others.

Board of Directors of SKI Buildcon Private Limited

1. Mrs. Kalpana Mukesh Ruia
2. Mrs. Bimla Ramniranjan Ruia

Shareholding Pattern of SKI Buildcon Private Limited as on March 31, 2010

Sr. No.	Name of Shareholders	No. of Shares	Amount (Rs)	% Holding
1	Smt. Kalpana Ruia	13,000	1,30,000	3.65%
2	Mrs. Bimla Ruia	1,000	10,000	0.28%
3	M/s. Bhootnath Vyapaar P. Ltd.	30,000	3,00,000	8.43%
4	M/s. Kirti Goods P. Ltd.	20,000	2,00,000	5.62%
5	M/s. Loknath Vyapaar P. Ltd.	20,000	2,00,000	5.62%
6	M/s. Nilima Goods P. Ltd.	30,000	2,00,000	8.43%

SHEKHAWATI POLY-YARN LIMITED

7	M/s. Shreetex Industries	74,000	1,00,000	20.79%
8	M/s. VKJ Trexim P. Ltd.	24,000	2,40,000	6.74%
9	M/s Kanyu Commercials Private Limited	20,000	2,00,000	5.62%
10	M/s Lilac Medicines Private Limited	20,000	2,00,000	5.62%
11	M/s Melaila Resorts Private Limited	1,04,000	1,04,00,000	29.21%
	TOTAL	3,56,000	3,56,00,000	100%

Brief Audited financial information of SKI Buildcon Private Limited as on March 31, 2009 and March 31, 2010

SKI Buildcon Private Limited was incorporated on 10th Dec, 2008. It had not commenced any activities as on 31st March, 2009.

4. Ruia Rayons Private Ltd.

Ruia Rayon Private Limited was incorporated on 6th March, 1997 with Corporate Identity Number – U17110MH1997PTC106371. The Registered Office of the Company is at- 2nd Anant Wadi, Vaidya Bhavan, 1st Floor, Bhuleshwar Road, Mumbai- 400002.

(Rs. in Lacs)

Particulars	March 31, 2010	March 31, 2009
Commission and Brokerage	9.50	0.00
Profit After Tax	(0.23)	0.00
Equity Capital	35.60	13.80
Reserves and Surplus	138.40	51.20
Misc. Expenditure not w/o	1.54	1.92
Net worth	172.46	187.28
Earnings per Share (Rs.)	--	--
Net Asset Value (Rs.)	48.44	63.08
Weighted average number of shares (in numbers)	3,56,000	1,38,000

Main Objects of Ruia Rayons Private Limited is:

1. To carry on the business as manufacturers, spinners, soinners, sizers, twister, crimpers, texturisers, processors, traders, dealers, importers, exporters and distributors of all types of cotton, synthetic or nylon fibers, threads and yarns of any description.
2. To carry on the business as manufacturers, processors, Dyers, printers, bleachers, knitters, weavers, importers, exporters and dealers of all types of silk, art silk, cotton, rayon, wool and man-made fabrics, cloths and textile goods.

Board of Directors of Ruia Rayons Private Limited

1. Mr. Ramniranjan N. Ruia
2. Mr. Rajesh R. Ruia

Shareholding Pattern of Ruia Rayons Private Limited as on March 31, 2010

Sr. No.	Name of Shareholders	No. of Shares	Amount (Rs.)	% Holding
1	Bilasrai Kashinath	10	100	0.00%
2	Bimladevi Ruia	200000	2000000	10.86%
3	Jiwarajka Textile Industries	10	100	0.00%
4	Lata R Ruia	10	100	0.00%
5	Madan Mohan Jhunjhunwala	10	100	0.00%
6	Ramniranjan Ruia	383900	3839000	20.85%
8	Rajesh R. Ruia	1250590	12505900	67.91%
9	Rajesh R. Ruia (H.U.F.)	7000	70000	0.38%
10	Shekhawati Poly-Yarn Pvt.Ltd.	100	1000	0.01%
11	Sushila Dugar	10	100	0.00%
12	Viveklene Industries Ltd	10	100	0.00%
13	Viveklene Textiles Ltd	10	100	0.00%
	TOTAL	1841660	18416600	100%

Brief Audited Financial Information of Ruia Rayons Private Limited
(Rs. in Lacs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sales	5644.71	4833.79	4378.34
Profit After Tax	49.58	32.97	23.96
Equity Capital	184.16	184.16	184.16
Reserves and Surplus	600.92	551.33	518.37
Misc. Expenditure not w/o	Nil	Nil	Nil
Net worth	785.08	735.49	702.53
Earnings per Share (Rs.)	2.69	1.79	1.42
Net Asset Value (Rs.)	42.62	39.94	38.15
Weighted average number of shares (in	1841650	1841650	1841650

5. Ruia Silk and Synthetics Private Limited

Ruia Silk & Synthetics Private Limited was incorporated on 1st May, 1986 with Corporate Identity Number – U17100MH1986PTC039715. The Registered Office of the Company is at-
2nd Anant Wadi, Vaidya Bhavan,
1st Floor, Bhuleshwar Road, Mumbai- 400002.

Main Objects of Ruia Silk and Synthetics Private Limited are:

1. To carry on the business of weavers, spinners, manufacturers, ginner, processors, dyers, knitters, crimpers, bleachers, doublers, packers and balers of cotton, silk, artificial silk, linen, rayon, polyester, viscose, nylon, manmade synthetic fibers and yarns, staple fibers, wool waste droppings, and any other fibrous material and the cultivation thereof, and the business of weaving or otherwise manufacturing, bleaching, printing, processing, dyeing and selling yarn, cloth, linen and other goods and fabrics whether textile, felted, netted or looped.

To carry on the business of buying, selling, importing, exporting and dealing and to act as purchasing or selling agents or distributors in cotton, silk, art silk, rayon, manmade synthetic fibers, staple fibers, wool and other fibrous material, yarn, cloth, linen, rayon and other goods made therefrom.

Board of Directors of Ruia Silk and Synthetics Private Limited

1. Ram Nirnanjan Ruia
2. Mukesh Ruia
3. Rajesh Ruia

Shareholding Pattern of Ruia Silk and Synthetics Private Limited as on Mar 31, 2010

Sr. No.	Name of Shareholders	No. of Shares	Amount (Rs.)	% Holding
1	Ramniranjan Ruia	38	380	0.05%
2	Bimla Ramniranjan Ruia	66,147	661,470	90.66%
3	Rajesh Ruia	30	300	0.04%
4	Rajesh Ruia (HUF)	50	500	0.07%
5	Mukesh Ruia	30	300	0.04%
6	Mukesh Ruia (HUF)	50	500	0.07%
7	Latadevi Rajesh Ruia	10	100	0.01%
8	Maina Devi Chamaria	1	10	0.00%
9	Bilasrai Kailashnath	1	10	0.00%
10	Advance Wood Processor Pvt. Ltd.	1	10	0.00%
11	Ramswaroop Nangalia	1	10	0.00%
12	Viveklene Textile Ltd	1	10	0.00%
13	Rajkumar R Nangalia	1	10	0.00%
14	Poonam R Nangalia	1	10	0.00%
15	Mihir R Nangalia	1	10	0.00%
16	Bela Jogi	1	10	0.00%
17	Vinayak Clothing Private Ltd.	6,600	66,000	9.05%
	TOTAL	72,964	729,640	100.00%

Shri Ram Nirnanjan Ruia and Shri Nand Kishore Ruia are the original promoters of Ruia Silk and Synthetics Private Limited.

Brief Audited Financial Information of Ruia Silk and Synthetics Private Limited**(Rs. in Lacs)**

Particulars	31-Mar-10	31-Mar-09	31-Mar-08
Sales	655.03	590.94	600.29
Profit After Tax	1.90	1.46	2.79
Equity Capital	72.96	72.96	72.96
Reserves and Surplus	63.48	61.58	60.12
Misc. Expenditure not w/o	Nil	Nil	Nil
Net worth	136.44	134.54	133.08
Earnings per Share (Rs.)	2.60	3.25	3.82
Net Asset Value (Rs.)	187.00	184.40	182.40
Weighted average number of shares (in	72964	72964	72964

Interest of Promoters and Payment or Benefits to the Promoters of the Issuer Company

All the promoters who are on the board of Shekhawati Poly-Yarn Limited, may be deemed to be interested to the extent of remuneration for the services rendered and the reimbursement expenses, if any, payable to them under Articles. The Promoters may also deemed to be interested to the extent of the shares, if any, held by them or relatives or group companies in which they are director or member.

Currency of Presentation

In this Prospectus, unless the context otherwise requires, all references to the word "Lacs" or "Lac", means "One hundred thousand" and the word "million" means "Ten Lacs" and the word "Crore" means "ten million" and the word "billion" means "One thousand million. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding- off.

Throughout this Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to "Rupees" and "Rs." in this Prospectus are to the legal currency of India.

Dividend Policy

Dividends may be declared at the Annual General Meeting of the shareholders based on the recommendation by the Board of Directors. The Articles of Association provide that the dividend declared by the shareholders at the Annual General Meeting shall not exceed the amount recommended by the Board of Directors. The Board of Directors may recommend dividends, at their discretion, to be paid to the members. Generally, the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions.

Our Company has declared a Dividend @ 3% and 6 % respectively on paid up value of equity shares from the accumulated profit for the year 2008-2009 and 2009- 10. No dividend has been declared for any year preceding to that.

SECTION VI: FINANCIAL STATEMENTS

6.1 AUDITORS' REPORT

To,
The Board of Directors
 Shekhawati Poly Yarn Limited
 2, Anant Wadi,
 Vaidya Bhavan,
 1st Floor, Bhuleshwar,
 Mumbai- 400 002

Dear Sir,

We have examined the financial information of Shekhawati Poly Yarn Limited (the Company) annexed to this Report which has been prepared in accordance with the requirements of:

- i. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act);
- ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the Regulation') issued by the Securities and Exchange Board of India ('SEBI') and amendments made thereto from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
- iii. The instructions received from the Company, requesting to examine the financial information referred to above and proposed to be included in the Offer Document of the Company in connection with its proposed initial public offer of Equity Shares.

Financial information of the Company

1. We have examined the attached Statement of Adjusted Assets and Liabilities of the Company as at 31st March 2006, 2007, 2008, 2009, 2010 & as at 30th September 2010 (Annexure-I) and the accompanying Statement of Adjusted Profits and Losses of the Company for the financial year(s) ended on 31st March 2006, 2007, 2008, 2009 and 2010 & for the half year ended 30th September 2010 (Annexure-II) and the Significant Accounting Policies & Notes to Accounts (Annexure VI) together referred to as 'Summary Statements' as prepared by the Company and approved by the Board of Directors. These statements reflect the assets and liabilities and profits and losses for each of the relevant periods as extracted from the Financial Statements audited by us, after making therein the disclosures and adjustments required to be made in accordance with the provisions of Schedule VIII Part A (IX) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
2. Based on our examination of these Summary Statements, we confirm that the restated profits and losses have been arrived at after charging all expenses including depreciation **(except provision for Gratuity & Bonus accounted on cash basis up to 31st March 2010)** and after making such adjustments and regrouping as in our opinion are appropriate.
3. The Company paid dividend on Equity Shares in respect of the financial year ended March 31, 2010 @ Rs0.60 per share of face value of Rs 10/- each (6%) and for the year ended March 31, 2009 @ Rs 0.30 per share of face value of Rs 10/- each (3%). It has not paid any dividend in any of the other years/ period.
4. We have examined the following regrouped/rearranged financial information relating to the Company, proposed to be included in the Offer Document, as approved by the Board of Directors of the Company and attached to this report:
 - i. Statement of Secured Loans taken by the Company **(Annexure-III)**.
 - ii. Statement of principal terms & conditions of Secured Loans & Assets charged as Security

(Annexure – IV).

- iii. (a) Statement of Sundry Debtors showing Age-wise analysis **(Annexure – VA)**.
(b) Statement of Quoted Investments. **(Annexure – VB)**.
 - iv. Statement of Other Income **(Annexure-VII)**.
 - v. Related party disclosures under Accounting Standard 18 **(Annexure – VIII)**.
 - vi. Summary of Accounting Ratios based on the adjusted profits/losses, relating to earnings per share, net asset value per share and return on net worth, enclosed as **Annexure-IX**.
 - vii. Statement of Capitalization as at September 30, 2010 (Pre-Issue) and as adjusted for this issue (Post Issue) subject to reliance being placed on management representation in respect of post issue figures contained in the Statement of Capitalization **(Annexure- X)**.
 - viii. Statement of Unsecured Loans taken by the Company **(Annexure-XI)**.
 - ix. Statement of Tax Shelter **(Annexure- XII)**.
 - x. Statement of Loans & Advances **(Annexure – XIII)**.
 - xi. Statement of Adjusted Cash Flow **(Annexure-XIV)**.
5. This Report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Singrodia Goyal & Co.
Chartered Accountants
Firm Reg. No: 112081W

Suresh Murarka
Partner
Membership No.: 044739

Place: Mumbai
Date: 1st December, 2010.

6.2 FINANCIAL INFORMATION OF OUR COMPANY**ANNEXURE-I****STATEMENT OF ADJUSTED ASSETS AND LIABILITIES (As Restated)****(Rs. in Lacs)**

	Particulars		As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at Sept 30, 2010
A	<u>Fixed Assets:</u>							
	Gross Block		422.73	523.66	1,893.26	2,255.99	4,411.95	4,789.28
	Less : Depreciation		93.13	125.53	194.70	389.73	606.04	763.80
	Net Block		329.60	398.13	1,698.56	1,866.26	3,805.91	4,025.48
	Add: Capital Work in Progress (including capital advance)		38.00	25.00	294.48	64.50	269.51	588.80
	Total	A	367.60	423.13	1,993.04	1,930.76	4,075.42	4,614.28
B	Investments	B	-	-	-	-	5.03	5.00
C	<u>Current Assets, Loans & Advances</u>							
	Inventories		39.09	82.44	392.76	287.76	298.11	579.52
	Sundry Debtors		211.28	457.07	856.03	1,398.34	1,760.71	2,178.81
	Cash and Bank Balances		17.72	8.01	22.41	33.77	40.90	20.75
	Other Current Assets, Loans and Advances		83.77	157.17	342.45	503.47	852.57	1,111.54
	Total	C	351.86	704.69	1,613.65	2,223.34	2,952.29	3,890.62
D	<u>Liabilities & Provisions</u>							
	Secured Loans		381.35	596.91	2,280.16	2,467.94	3,988.37	5,345.96
	Unsecured Loans		36.00	96.12	135.00	127.71	415.00	414.53
	Current Liabilities and Provisions		7.44	120.83	176.45	111.80	375.92	334.32
	Total	D	424.79	813.86	2,591.61	2,707.45	4,779.29	6,094.81
E	<u>Deferred Tax Liability (net)</u>	E	14.43	21.71	50.86	111.54	183.67	203.11
F	Total (A+B+C-D-E)		280.24	292.25	964.22	1,335.11	2,069.78	2,211.98
G	<u>Represented by</u>							
	Share Capital		102.72	102.72	164.92	164.92	164.92	1,000.21
	Reserves and Surplus		177.52	189.53	799.30	919.19	1,130.61	1,211.77
	Share Application Money		-	-	-	251.00	774.25	-
	Less: Miscellaneous Expenses not written off/ adjusted		-	-	-	-	-	-
	Total		280.24	292.25	964.22	1,335.11	2,069.78	2,211.98

ANNEXURE-II
STATEMENT OF ADJUSTED PROFITS AND LOSSES (As Restated)

(Rs. in Lacs)

Particulars	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	6 Months period ended Sept 30, 2010
<u>Income</u>						
<u>Sales</u>						
Of Products Manufactured by the Issuer	810.11	1,562.67	3,251.72	7,762.95	8,937.11	5,757.46
Of Products Traded in by the Issuer	130.55	206.16	-	-	-	-
Net Sales	940.66	1,768.83	3,251.72	7,762.95	8,937.11	5,757.46
Other Income (Refer Annexure VII)	7.70	0.64	2.35	13.50	3.64	1.32
Increase /(Decrease) in Inventories	(6.56)	18.62	142.20	(25.34)	10.29	237.53
Total	941.80	1,788.08	3,396.26	7,751.11	8,951.04	5,996.31
<u>Expenditure</u>						
Materials Consumed/ Sold	797.15	1,529.22	2,853.83	6,377.00	7,249.22	4,819.95
Manufacturing Expenses	61.18	105.35	211.22	652.62	735.18	448.89
Staff Costs	11.79	21.01	38.53	64.49	64.75	52.69
Administrative, Selling & Other Expenses	11.20	15.87	16.72	32.91	74.21	82.60
Interest and other finance charges	16.54	46.15	98.02	250.37	262.60	206.64
Depreciation	20.69	49.83	79.54	195.16	218.09	157.49
Total	918.56	1,767.42	3,297.86	7,572.55	8,604.05	5,768.26
<u>Net Profit / (Loss) before tax</u>	23.25	20.66	98.41	178.56	346.99	228.05
Taxation (including Current, Deferred , FBT & MAT credit entitlement)						
- Current Tax	2.07	2.47	11.00	22.24	63.87	51.10
- Fringe Benefit Tax	0.20	0.32	0.45	0.45	-	-
- Deferred Tax Liability/(Assets)	7.87	7.28	29.15	60.68	72.13	19.44
-Add: MAT Credit Entitlement	-	-	-	(30.37)	(9.90)	
<u>Net Profit \ (Loss) after tax</u>	13.11	10.59	57.81	125.56	220.89	157.51
Short /(Excess) Provision in respect of income tax for earlier years	(1.36)	-	0.71	1.04	0.13	-
Prior Period Items	-	-	(1.47)	7.09	-	(4.51)
Depreciation of earlier years	-	-	-	-	-	-
<u>Net Profit \ (Loss) after tax as per audited financial statements (A)</u>	14.47	10.59	58.57	117.43	220.76	162.02
Add/ (Less): Adjustments on account of restatements:[As per Annexure VI (Note C (6))]	(1.04)	1.43	(8.62)	8.27	4.48	(4.51)
Net Profit/(Loss) as restated (A + / (-) B)	13.43	12.02	49.95	125.69	225.24	157.51

Profit/(Loss) Available for Appropriation as restated	13.43	12.02	49.95	125.70	225.24	157.51
Appropriations:						
- Transferred to General Reserve	-	-	-	-	-	-
- Proposed Dividend	-	-	-	4.95	9.90	-
- Tax on Dividend	-	-	-	0.84	1.64	-
Total Appropriations	-	-	-	5.79	11.54	-
<u>Balance carried forward to Balance Sheet as restated</u>	13.43	12.02	49.95	119.91	213.70	157.51

ANNEXURE-III**STATEMENT OF SECURED LOANS TAKEN BY THE COMPANY**

(Rs. in Lacs)

Name of the Lender	Nature of Loan	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at Sept. 30, 2010
<u>A. Term Loans</u>							
State Bank of India & Shamrao Vithal Co-op Bank	Rupee Loan	229.38	318.62	1,359.70	1,277.28	2,786.44	3,080.81
From Others (Reliance Capital Limited)	Rupee Loan	-	-	-	-	-	252.31
Total Term Loans		229.38	318.62	1,359.70	1,277.28	2,786.44	3,333.12
<u>B. Working Capital Facilities</u>							
State Bank of India	Cash Credit	151.03	269.76	915.12	1,188.80	1,201.93	1,517.03
	EPC	-	-	-	-	-	455.35
	Foreign Currency Demand Loan	-	-	-	-	-	-
Total Working Capital Facilities		151.03	269.76	915.12	1,188.80	1,201.93	1,972.38
<u>C. Hire Purchase Loan</u>	Rupee Loan	0.94	8.53	5.34	1.86	-	40.46
Total Secured Loans		381.35	596.91	2,280.16	2,467.94	3,988.37	5,345.96

ANNEXURE-IV**STATEMENT OF PRINCIPAL TERMS & CONDITIONS OF SECURED LOANS OUTSTANDING AS AT SEPTEMBER 30, 2010**

Name of the Lender/Date of Sanction	Nature of Loan	Loan Sanctioned	Loan Outstanding As at 30.09.2010	Rate of Interest as at 30.09.2010
State Bank Of India	Term Loan - I Term Loan - II Term Loan - III	395.00 1100.00 700.00	95.56 893.47 585.70	13.25%
The Shamrao Vithal Co-op Bank	Term Loan	250.00	} 1506.08	13.00%
The Shamrao Vithal Co-op Bank	Term Loan	1550.00		13.00%
State Bank Of India	Cash Credit Limit	} 2000.00	1517.03	13.25%
State Bank Of India	EPC		455.35	7.85%
Reliance Capital Limited	Term Loan	300.00	252.31	11.00%
BMW India Financial Services Private Limited	Vehicle Loan	40.46	40.46	8.67%

1. State Bank of India**i. Term Loan – 1****Repayment Schedule****(Rs. in Lacs)**

Year	No. of Installments	Amount of each Installments	Amount
Oct. 2006 - Mar 2007	6	5.50	33.00
Apr 2007- Mar 2008	12	5.50	66.00
Apr 2008- Mar 2009	12	5.50	66.00
Apr 2009- Mar 2010	12	5.50	66.00
Apr 2010- Mar 2011	12	5.50	66.00
Apr 2011- Mar 2012	12	5.50	66.00
Apr 2012- Sep 2013	6	5.34	32.00
Total	72		395.00
PURPOSE: For purchase of 6 Twisting Machines and 2 Texturizing Machines.			

a) Security**Primary**

First charge by way of mortgage on Land & Building, Plant & Machinery, and Furniture & Fixtures (to be acquired for new project) situated at Plot No. 20, Sheetal Industrial Estate, Demini Road, Dadra & Nagar Haveli - 396191.

Collateral

Second charge on Company's entire stocks of imported/indigenous raw materials, stocks in process, finished goods and other current assets.

Guarantee: Personal Guarantees of:

- i) Shri Ramniranjan Ruia
- ii) Shri Mukesh Ruia

b) Rate of Interest

Improved pricing @ 0.75% above SBAR with a minimum of 11.00% p.a. with monthly rests.

c) Upfront fee

1.15% of the loan amount

d) Prepayment

- i. The Bank will be entitled to recover a prepayment penalty equal to 2% of the prepaid amount.
- ii. No prepayment charges for prepayments upto Rs. 10 Lacs.

ii. Term Loan – II

Year	No. of Installments	Amount of each Installments	Amount (Rs. in Lacs)
2008 – 2009	7	5.00	35.00
2009 – 2010	12	10.00	120.00
2010 – 2011	12	11.00	132.00
2011 – 2012	12	13.00	156.00
2012 – 2013	12	14.00	168.00
2013 – 2014	12	16.00	192.00
2014 – 2015	12	20.00	240.00
2015 - 2016	1	30.00	30.00
2015 – 2016	1	27.00	27.00
Total	81		1100.00
PURPOSE: For purchase of 8 High Speed Texturizing Machines with 312 Spindles.			

a) Security**Primary**

- i) Extension of first charge by way of mortgage on Land & Building, Plant & Machinery, and Furniture & Fixtures situated at Plot No. 20, Sheetal Industrial Estate, Demini Road, Dadra & Nagar Haveli - 396191.
- ii) Mortgage of Building on Plot No. 44, Govt. Industrial Estate, Masad, Silvassa and Plant & Machinery,
- iii) Furniture and Fixtures.
- iv) Hypothecation of Machines acquired for this new project.

Collateral

Second charge on Company's entire stocks of imported/indigenous raw materials, stocks in process, finished goods and other current assets.

Guarantee: Personal Guarantees of:

- i) Shri Ramniranjan Ruia
- ii) Shri Mukesh Ruia

b) Rate of Interest

- i) Improved pricing @ 0.50% above SBAR i.e. 13.25% p.a. (with reset option at the end of every two years).
- ii) Improved pricing for FCNR (B) TL at 6M LIBOR +300 bps at monthly rests as against the applicable pricing of 6 M LIBOR + 450 bps for CRA of SBTL-3.

c) Upfront fee

25% concession in upfront fees i.e. recovering Rs. 8.25 Lacs as against normal applicable fee of Rs. 11.00 Lacs i.e. 1% of the Term Loan amount.

d) Prepayment

- i) The Bank will be entitled to recover a prepayment penalty equal to 2% of the prepaid amount
- ii) No prepayment charges for prepayments upto Rs. 10 Lacs

iii. Term Loan - III

Year	No. of Installments	Amount of each Installments	Amount (Rs. in Lacs)
Oct. 2010- March 2011	6	3.50	21.00
2011-12	12	6.44	77.28
2012-13	12	8.40	100.80
2013-14	12	10.44	125.23
2014-15	12	10.44	125.23
2015-16	12	10.44	125.23
April 2016- Feb 2017	11	10.44	114.79
March 2017	1	10.45	10.44
Total	78		700.00
PURPOSE: For purchase of 10 Texturizing Machines.			

a) Security**Primary**

First charge by way of equitable mortgage/hypothecation on pari passu basis with other lenders on the proposed Land & Building, Plant & Machinery, Office Equipment and all other fixed assets to be situated thereon.

Collateral

Second charge on pari passu basis with other lenders on:

- i) Entire fixed assets situated on Plot No. 20, Sheetal Industrial Estate, Dadra & Nagar Haveli.
- ii) Entire fixed assets situated on Plot No. 44, Government Industrial Estate, Masat, Silvassa.
- iii) And on pari passu basis with other lenders over the entire current assets of the Company.

b) Guarantee: Personal Guarantees of:

- i) Shri Ramniranjan Ruia
- ii) Shri Mukesh Ruia

c) Rate of Interest

Improved pricing @ 0.75% above SBAR i.e. 13% p.a. with monthly rests.

d) Upfront fee

1% of the Term Loan amount.

e) Prepayment

- i. The Bank will be entitled to recover a prepayment penalty equal to 2% of the prepaid amount
- ii. No prepayment charges for prepayments upto Rs. 10 Lacs.

2. The Shamrao Vithal Co-Operative Bank Ltd.

Term Loan	Rs. 1800.00 Lacs	
	<i>For Land & Building</i>	<i>For Plant & Machinery</i>
	Rs 250.00 Lacs	Rs. 1550.00 Lacs
Repayment Term	78 Months	78 Months
Moratorium	18 months from the date of 1 st Disbursement i.e. from November 2009	18 months from the date of 1 st Disbursement i.e. from November 2009
ROI	13%	13%
EMI	Rs. 4,76,500	Rs. 29,53,800

a) Security**Primary**

Equitable Mortgage of Land & Building to be constructed at and Hypothecation of Plant & Machinery to be acquired and installed at S No. 185/1, Near Silvassa Industries Ltd. (Reliance) Village Naroli, Silvassa, D&N Haveli (UT) in pari passu with State Bank of India.

Collateral Security

- i. 1st Pari Passu Equitable Mortgage of Land & Building admeasuring 3.44 hectares at S No. 185/1, Near Silvassa Industries Ltd. (Reliance) Village Naroli, Silvassa.
- ii. 2nd Pari Passu charge over the entire existing Fixed Assets of the Company including Plant & Machineries located at Plot No. 20 Sheetal Industrial Estate & Plot No 44 Govt. Industrial Estate, Dadra & Nagar Haveli, Silvassa.

Guarantee: Personal Guarantees of:

- i. Shri Ramniranjan Ruia
- ii. Shri Mukesh Ruia

CONDITIONS FOR TERM LOAN

Equitable Mortgage of Land & Buildings at S No. 185/1 near Silvassa Ind. Ltd. (Reliance), Village Naroli, D&N Haveli, (UT) and hypothecation of Machineries to be acquired ranking pari-passu with SBI.

Rate of Interest: @ 13.00% (PLR-2%) p.a. to be applied at monthly rests.

The Bank shall have right to change both the base rate i.e. PLR and spread. At present the PLR of the Bank is 15% p.a. which is subject to change depending on the conditions in the money market. The Bank shall be entitled to change , at its discretion, enhance the rates of interest on the accounts either on the entire outstanding or on a portion thereof, for any irregularity including non-observance or nonperformance of Terms

and Conditions of the advances, for such period as the Bank deems it necessary. Interest should be paid within 10 days from the date of debit to the accounts. No moratorium will be available for payment of interest.

Inspection: Company to make necessary arrangement for inspection of the underlying securities offered to the bank as and when demanded by the bank and the inspection charges and other incidental expenses incurred by the bank will have to be borne by the Company.

In case the installment stipulated remains unpaid in a particular month, 2% penal interest should be charged on the said installment for the period of defaults.

3. State Bank of India – Cash Credit Limit

Limit: Rs. 2000 Lacs

[The CC limit of Rs 2000 Lacs is inclusive of Export Packing Credit Limit (EPC)]

a) Security

Primary

1st Hypothecation charge on entire current assets of the company on pari-passu basis with other lenders.

Collateral

Second charge on pari-passu basis with other lenders on the proposed lenders on the proposed land & building, Plant & Machinery, office equipments and all other fixed assets to be situated at plot, survey 185/p admeasuring 47900 sq. mtrs village Naroli Silvssa.

Extension of 2nd charge on pari-passu basis over the entire fixed assets including land & building, plant & machinery and other fixed assets of the company excluding assets on hire purchase situated at Plot no 20 admeasuring 1250 sq. mtrs Sheetal Industrial Estate Dadra, Nagar Haveli.

Extension of 2nd charge pari-passu basis over entire fixed assets land & building at plot no 44 admeasuring 3000 sq mtrs, Govt Industrial Estate Masat, Silvassa and other location (For land & building to the extent of Rs 10.00 crores)

Guarantee: Personal Guarantees of:

- i. Shri Ramniranjan Ruia
- ii. Shri Mukesh Ruia

b) Margins

Raw Material	25%
Finished Goods	25%
Stocks in Process	25%
Book Debts	30%
(upto 90 days)	

c) Rate of Interest

1.00% over State Bank Advance Rate [SBAR], present effective rate will be 12.75% p.a. at monthly rests.

d) Penal Rate of Interest

Each of the following events will attract penal interest at applicable rate as indicated, over and above the normal interest applicable in the account.

- Irregularities in cash credit accounts. On the entire out standings, if continuously irregular for a period beyond 60 days; in other cases, on the irregular portion. (at 2% p.a.)

- Non-submission of stock statements, (delay beyond 10 days of the succeeding month to be considered as non- submission) (at 1% p.a.)
- Non- submission of renewal data beyond three months from the due date renewal (at 1%)
- Non-compliance with covenants (at 1% p.a)

However, the total penal interest charged on borrower due to various non-compliances will not exceed 3% p.a.

4. Reliance Capital Limited

Term Loan – Rs 300 Lacs

Repayment Schedule

(Rs. in Lacs)

Year	No. of Installments	Amount of Each Installments	Amount
Jan. 2011 - Mar 2011	3	3.41	10.23
Apr 2011- Mar 2012	12	3.41	40.92
Apr 2012- Mar 2013	12	3.41	40.92
Apr 2013- Mar 2014	12	3.41	40.92
Apr 2014- Mar 2015	12	3.41	40.92
Apr 2015- Mar 2016	12	3.41	40.92
Apr 2016- Mar 2017	12	3.41	40.92
April 2017- Mar 2018	12	3.41	40.92
April 2018- Mar 2019	12	3.41	40.92
April 2019- Mar 2020	12	3.41	40.92
April 2020- Mar 2021	12	3.41	40.92
April 2021- Mar 2022	12	3.41	40.92
April 2022- Mar 2023	12	3.41	40.92
April 2023- Mar 2024	12	3.41	40.92
April 2024- Mar 2025	12	3.41	40.92
April 2025- Mar 2026	9	3.41	30.69
Total	180		613.76

a) Security

Primary

First charge by way of mortgage of office purchase situated at 1102 & 1103, A wing, 11th Floor Express Zone, Malad (East).

Guarantee: Personal Guarantees of:

- Shri Ramniranjan Ruia
- Shri Mukesh Ruia

b) Rate of Interest

The rate of interest applicable is PLR less 3.75 % which is 11%

c) Processing fees

Rs 2,81,265/-

5. BMW India Financial Services Private Limited**Vehicle Loan – 40.46 Lacs****Repayment Schedule****(Rs. in Lacs)**

Year	No. of Installments	Amount of each Installments	Amount
Oct. 2010 - Mar 2011	6	0.84	5.07
Apr 2011- Mar 2012	12	0.84	10.13
Apr 2012- Mar 2013	12	0.84	10.13
Apr 2013- Mar 2014	12	0.84	10.13
Apr 2014- Mar 2015	12	0.84	10.13
Apr 2015- Sep 2016	6	0.84	5.07
Total	60		50.67
PURPOSE: For purchase of Vehicle.			

a) Security**Primary**

Hypothecation of the asset specifically funded from the same

Guarantee: Personal Guarantees of:

i. Shri Mukesh Ruia

b) Rate of Interest

The rate of interest applicable is 8.67%

c) Processing fees

Rs 5,515 /-

Annexure – VA**AGE-WISE ANALYSIS OF SUNDRY DEBTORS****(Rs. in Lacs)**

Particulars	As at					
	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.09.2010
Considered Good						
More than six months	-	-	-	9.25	35.86	38.71
Less than six months	211.28	457.07	856.03	1,389.09	1,724.85	2,140.10
Total :	211.28	457.07	856.03	1,398.34	1,760.71	2,178.81

Annexure - V B**QUOTED INVESTMENTS MADE BY THE COMPANY**

Name	Aggregate Book Value	Aggregate Market Value
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Nil	Nil	Nil

Annexure – VI**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****A. Significant Accounting Policies****1. Basis of Accounting**

- i. The financial statements have been prepared in compliance with the Accounting Standards notified by Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956 in all material aspects.
- ii. Financial statements are based on historical cost convention

2. Recognition of Revenue & Expenditure

- i) Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- ii) Sales are recognized when all significant risks and rewards of ownership of the goods are passed on to the buyer.
- iii) Revenue in respect of export sales is recognized on shipment of products.
- iv) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- v) Dividend income is recognized when the right to receive payment is established.

3. Fixed Assets

All Fixed Assets are stated at cost of acquisition/Installation as reduced by accumulated Depreciation. Cost of Asset includes Direct/Indirect and incidental cost incurred to bring such assets into its present location and working condition for its intended use.

4. Impairment of Fixed Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

5. Depreciation**a) Tangible Assets**

- i) No depreciation is charged on Freehold Land.
- ii) Leasehold Land is amortized over the remaining period of lease.
- iii) Depreciation on Fixed Assets has been provided on 'Straight Line Method' on triple shift basis wherever applicable as per the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- iv) Mobile phones (reflected under Office Equipment) are fully depreciated in the year of purchase.

b) Intangible Asset

- i) Accounting Software is amortized on Straight Line Method over a period of ten years.

6. Borrowing Costs

Borrowing costs are recognized as an expenses in the period in which they are incurred except the borrowing cost attributable to be acquisition/ construction of qualifying assets which are capitalized as a part of the cost of the fixed assets, up to the date, the assets are ready for its intended use.

7. Valuation of Inventories

- a. Raw Materials, Work in Progress, Stores & Spares, and Packing Materials are valued at lower of cost or Net Realizable Value.
- b. Finished Goods are valued at lower of cost or net realizable value.

8. Investments

Investments that is intended to be held for more than a year from the date of acquisition are classified as long term investments and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

9. Employee Benefits

- i) Company's contribution to Provident Fund and other Funds for the year is accounted on accrual basis and charged to the Profit & Loss Account for the year..
- ii) Retirement benefits in the form of Gratuity are considered as defined benefit obligations and are provided on the basis of the actuarial valuation, using the projected unit credit method as at the date of the Balance Sheet.

10. Expenditure during Construction Period:

- i) Expenditure of capital nature incurred during construction period in respect of a project being executed by the Company is grouped under Capital work in progress. Such Expenditure would be capitalized upon the commencement of commercial operation of the project.
- ii) Pre-operative expenses pending allocation included in capital work in progress represents expenditure incurred in connection with the project which is intended to be capitalized to the project.

11. Excise Duty

Excise duty on manufactured goods is accounted for at the time of their clearance from the Factory.

12. Provisions for Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimates can be made of the amount of the obligation, A disclosure for a contingent liability is made when there is a possible obligation or present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

13. Taxes on Income**Current Taxes**

Provision for current Income Tax is recognized in accordance with the provision of Indian Income-

Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemption.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future for tax consequences attributable to timing differences that result between the profits offered for Income Tax and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have enacted or substantially enacted or substantially enacted at the balance sheet date. Deferred Tax Assets are recognized only to the extent there is reviewed as at each Balance Sheet date.

14. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumption to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the financial statements and the reported amounts of revenues and expenses during the reporting period.

Differences between actual results and estimates are recognized in the periods in which the results are known/ materialize.

15. Miscellaneous Expenditure:

- i) Preliminary expenses are amortized in the year in which they are incurred.
- ii) Expenses on initial public offer (IPO) are written off against the securities premium.

16. Foreign currency transactions

- a. The transaction in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transaction.
- b. The difference on account of fluctuation in the rate of exchange prevailing on the date of transaction and the date of realization is treated as revenue.
- c. Differences on translation of Current Assets and Current Liabilities remaining unsettled at the year and are recognized in the Profit and Loss Account.

B. Notes on Adjustment

i. Change in Accounting policies and estimates

Upto March 31, 2010 the Company was accounting gratuity and bonus on cash basis. From April 1, 2010 , in order to comply with Accounting Standard (AS) 15 (Revised 2005) on Employee Benefits as notified by the Companies Accounts Standard, Rule 2006, the method of accounting of Gratuity and Bonus has been changed from cash basis to accrual basis of accounting and accordingly provision has been made as on 30th September 2010. Gratuity has been provided on the basis of actuarial valuation. Since year wise breakup of the liability is not available, the gratuity liability amounting to Rs. 3.91 Lacs and bonus liability amounting to Rs. 4.52 Lacs has been accounted in the Financial statement for the period ended 30th September 2010 and previous years financial statement has not been restated.

ii. Other Adjustments

The profit and loss account of certain years includes amount paid/provided for or refunded, in respect of short/excess income tax arising out of assessments, appeals etc. and account of short/excess provision of tax for earlier years. The impact on account of such short/excess income tax has been adjusted in respective years.

iii. Material Regrouping**a) Advance for fixed assets included in capital work in progress**

Upto the year ended March 31, 2010 advance for fixed assets have been grouped under loans and advances. During the period ended September 30, 2010 the same has been included in capital work in progress. Hence advance for fixed assets included in loans and advances upto March 31, 2010 have been regrouped under capital work in progress.

b) Other figures of the previous years have been regrouped reclassified and / or rearranged wherever necessary.**iv. Disclosure as per AS 15 Revised**

The principal assumptions used in the actuarial valuation of Gratuity are as follows.

Discount rate	8.25%
Attrition rate	2.00%
Expected rate of future salary increase	6.00%

Table showing change in present value of defined benefit obligation:

	(Rs. in Lacs)
Present value of obligation as at 01.04.2010	3.01
Interest Cost	0.12
Current Service Cost	0.68
Benefits paid	-
Actuarial loss on obligations	0.10
Present Value of obligation as at 30.09.2010	3.91

Amount recognized in the Balance Sheet:

	(Rs. in Lacs)
Present value of obligation as at 30.09.2010	3.91
Fair Value of plan assets as at the end of the year	-
Funded status	(3.91)
Unrecognized Past Service Cost as at 30.09.2010	-
Unrecognized Transitional Liability as at 30.09.2010	-
Net (Assets)/ Liability recognized in the Balance Sheet	3.91

Expenses recognized in the Profit and Loss Account

	(Rs. in Lacs)
Current Service Cost	0.68
Past Service Cost	-
Interest Cost	0.12
Expected return on plan assets	-
Net Actuarial (Gain)/ loss recognized during the year	0.10
Total Expenses recognized in the Profit and Loss account	0.90

Balance Sheet Reconciliation:

	(Rs. in Lacs)
Opening Net Liability	3.01
Expenses as above	0.90
Net Transfer In	-
(Net Transfer Out)	-
Employer's Contribution	-
Net Liability Recognized in the Balance Sheet	3.91

C. NOTES TO STATEMENT OF ASSETS & LIABILITIES AND PROFIT & LOSS ACCOUNT
1. Taxes on Income

In Terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22) the company has recognized net Deferred Tax Liabilities/ (Assets) as on 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March 2010 and 30th September 2010 are as follows:

(Rs. in Lacs)

Deferred Tax Liability / Assets	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.09.2010
On account of Depreciation	19.43	22.36	76.45	121.06	183.67	203.11
On account of carried forward Losses	(5.00)	(0.35)	(25.59)	-	-	-
On account of Disallowed Expenses	-	(0.30)	-	(0.15)	-	-
Carried forward depreciation	-	-	-	(9.37)	-	-
Deferred Tax Liability/(Assets) [Net]	14.43	21.71	50.86	111.54	183.67	203.11

- Provision for taxation for the year has been made in accordance with the provisions of the Income Tax Act, 1961.
- Provision for Fringe Benefit Tax for the year ending 31st March, 2006, 31st March, 2007 , 31st March,2008 and 31st March, 2009 have been made on the basis of expenditure incurred on the taxable heads of expenses.

2. Earning Per Share:

Particulars	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.09.2010
A) Weighted average number of equity shares of Rs. 10/- each						
I) Number of shares at the beginning of the year (See Note iii)	940,190	1,027,190	1,027,190	1,649,190	1,649,190	1,649,190
II) Number of shares at the end of the year	1,027,190	1,027,190	1,649,190	1,649,190	1,649,190	10,002,181
III) Weighted average number of Equity Shares outstanding during the year	4,622,355	4,622,355	6,959,516	7,421,355	7,421,355	9,889,049
IV) Weighted average number of Potential Equity Shares outstanding during the year	-	-	-	356,603	2,132,199	-

V) Weighted average number of Equity Shares for calculating diluted EPS	4,622,355	4,622,355	6,959,516	7,777,958	9,553,554	9,889,049
B) Net Profit/(Loss) after tax adjustments available for equity shareholders (Rs in Lacs)	13.43	12.02	49.95	125.70	225.24	157.51
C) Basic earning per share (in rupees) {B/A (III)}*	0.29	0.26	0.72	1.69	3.04	1.59
D) Diluted earning per share (in rupees) {B/A (V)} *	0.29	0.26	0.72	1.62	2.36	1.59

Note:

- In 2005-06, 2006-07, 2007-08 and half year ended 30th September, 2010 the Company does not have any dilutive potential equity shares. Consequently the basic and diluted profit / earning per share of the company remain the same.
- Earnings per share (EPS) is calculated after adjusting for 57,72,165 bonus equity shares issued in the ratio 7 shares for every 2 shares issued vide resolution passed at the extra ordinary annual general meeting held on April 17, 2010, with retrospective effect as provided in Accounting Standard (AS-20)- Earning Per Share, issued by the Institute of Chartered Accountants of India.
- Number of weighted average equity shares for the years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 includes 57,72,165 Bonus equity shares of Rs.10 , fully paid up issued on April 17, 2010.
- * For 30th September 2010 EPS & Diluted EPS is not annualized.

3. Authorized and Paid Up Capital

As on date of signing accounts, the Company has an Authorized Capital of Rs. 25,00,00,000 (divided in to 2,50,00,000 Equity Shares of Rs. 10/- each) and Paid Up Capital of Rs. 10,00,21,810 (divided in to 1,00,02,181 Equity Shares of Rs. 10/- each fully paid up) out of which a capital of Rs.5,77,21,650 (57,72,165 Equity Shares of Rs. 10/- each) were issued as fully paid up bonus shares by capitalization of reserves on April 17, 2010.

4. Change in Status and Name

The Status of the Company has been changed from 'Private Limited' to 'Public Limited' w.e.f. April 19, 2010 by duly complying with the provisions of the section 31 of the companies act, 1956. The name of the company has also been changed w.e.f. April 19, 2010 from 'Shekhawati Poly-Yarn Private Limited' to 'Shekhawati Poly-Yarn Limited'. Consequent upon the conversion and change of name, the registrar of companies has issued Fresh Certificate of Incorporation.

5. Current Assets, Loans & Advances

In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated and are realizable in the ordinary course of business. The Provision for all known liabilities is adequate.

The balances appearing under the head Sundry Debtors, Sundry Creditors, Advances to Creditors , Other Loans and Advances , Deposits and Other Liabilities wherever confirmation have not been received are subject to confirmation

and reconciliation. Consequential adjustment thereof, if any, will be given effect into the books of accounts in the year of such adjustment. The management, however, does not expect any material adjustment.

6. Adjustments/Regroupings Impact of changes in Accounting Policies/ Prior Period Items:

Particulars	Year Ended March 2006	Year Ended March 2007	Year Ended March 2008	Year Ended March 2009	Year Ended March 2010	Period Ended Sept 2010
Net Profit After Tax but Before Adjustments (A):	14.47	10.59	58.57	117.43	220.76	162.02
Add/(Less): Adjustments on Account of:						
Excess / Short tax provision relating to earlier years	(1.04)	(0.04)	(0.09)	1.04	0.13	-
Prior Period Items	-	1.47	(8.53)	7.23	4.34	(4.51)
Total (B)	(1.04)	1.43	(8.62)	8.27	4.47	(4.51)
Adjusted Profit (A + / (-) B)	13.43	12.02	49.95	125.70	225.24	157.51

- i) Custom duty amounting to Rs. 16.65 Lacs inadvertently capitalized in Fixed Assets during the 2006-07. Depreciation amounting to Rs. 1.47 Lacs provided on the said capitalization is also rectified.
- ii) Interest on secured loan amounting to Rs. 7.09 Lacs short provided for in the year 2007-08.
- iii) Custom duty amounting to Rs. 1.01 Lacs inadvertently capitalized in Fixed Assets during the 2007-08. Depreciation amounting to Rs. 0.01 Lacs provided on the said capitalization is also rectified.
- iv) Custom duty amounting to Rs. 2.88 Lacs and Rs. 1.33 Lacs inadvertently capitalized in fixed assets during the year 2007-08 and 2009-10 respectively and Fixed Assets amounting to Rs. 3.64 Lacs has not been capitalized during the year 2009-10. Excess depreciation amounting to Rs. 0.26 Lacs (net) on the same has been reversed.
- v) Preliminary expenses amounting to Rs. 2.10 Lacs excess accounted for in the year 2009-10.
- vi) Bank charges amounting to Rs. 2.55 Lacs inadvertently included in capital work in progress in the year 2009-10.
- vii) Interest on unsecured loan amounting to Rs. 4.71 Lacs excess provided in the year 2009-10.
- viii) Loss on sale of DEPB amounting to Rs. 0.01 Lacs not accounted for in the year 2009-10.

Annexure – VII**STATEMENT OF OTHER INCOME****(Rs. in Lacs)**

Particulars	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ending on March 31, 2010	6 Months ending on Sept 30, 2010	Nature of Income
Rebate & Discounts	-	-	-	-	0.19	-	Recurring
Export Incentives received	-	-	-	3.27	-	-	Recurring
DEPB License sale	-	-	-	3.33	-	-	Recurring
Interest Received	0.31	0.64	0.78	2.38	2.19	0.69	Recurring
Net Foreign Exchange Fluctuation	-	-	-	2.44	-	-	Recurring
Total Recurring Income	0.31	0.64	0.78	11.42	2.38	0.69	
Commission received	-	-	-	2.08	-	-	Non Recurring
Sundry Balances Written Back	0.36	-	-	-	1.26	0.23	Non Recurring
Dividend received	-	-	-	-	-	0.40	Non Recurring
Profit on sale of fixed assets	7.03	-	1.57	-	-	-	Non Recurring
Non Recurring	7.39	-	1.57	2.08	1.26	0.63	
Grand Total	7.70	0.64	2.35	13.50	3.64	1.32	

Annexure – VIII

INFORMATION ON RELATED PARTY DISCLOSURES AS PER AS- 18

1. For the Period ended 30th September, 2010

List of Related Parties and Relationship

Party	Relationship
Mr. Ramniranjan Ruia	Key Management Personnel
Mr. Mukesh Ruia	Key Management Personnel
Ruia Rayons Private Limited	Enterprises having same Key Management Personnel
SKI Buildcon Private Limited	Enterprises having relative of KMP as Key Management Personnel
Sanjay Jogi	Relative of Director

a. Key Management Personnel

(Rs. in Lacs)

Name of Key Managerial Personnel	Director's Remuneration	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Outstanding Current Assets Received	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mr. Mukesh Ruia	9.00	10.19	-	-	-	-	-	-	-	10.19	-
Total	9.00	10.19	-	-	-	-	-	-	-	10.19	-

b. Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.

(Rs. in Lacs)

Name of the Enterprises	Share Allotment	Purchases	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Share Application Money
SKI Buildcon Private Limited	80.00	-	-	-	-	-	-	-	-	-	-
Total	80.00	-	-	-	-	-	-	-	-	-	-

c. Relative of Key Management Personnel
(Rs. in Lacs)

Name of the Relative of Key Management Personnel	Share Allotment	Re nt Paid	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Sanjay Jogi	0.10	-	-	-	-	-	-	-	-	-	-
Total	0.10	-	-	-	-	-	-	-	-	-	-

Note: Related Parties as disclosed by Management and relied upon by auditors.
2. For the Year ended 31st March, 2010
List of Related Parties and Relationship

Party	Relationship
Mr. Ramniranjan Ruia	Key Management Personnel
Mr. Mukesh Ruia	Key Management Personnel
Ruia Rayons Private Limited	Enterprises having same Key Management Personnel

a. Key Management Personnel
(Rs. in Lacs)

Name of Key Managerial Personnel	Directors Remuneration	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Outstanding Current Assets Received	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mr. Ramniranjan Ruia	-	-	-	-	-	-	-	-	-	-	-
Mr. Mukesh Ruia	9.00	0.84	-	-	-	-	-	-	-	0.84	-
Total	9.00	0.84	-	-	-	-	-	-	-	0.84	-

- b. Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.

(Rs. in Lacs)

Name of the Enterprises	Deposits Given	Purchases	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Share Application Money
Ruia Rayons Private Limited	-	-	10.00	10.00	-	-	-	-	-	-	-
Total	-	-	10.00	10.00	-	-	-	-	-	-	-

- c. Relative of Key Management Personnel

(Rs. in Lacs)

Name of the Relative of Key Management Personnel	Deposits Given	Re nt Paid	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
N.A.	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

Note: Related Parties as disclosed by Management and relied upon by auditors.

3. For the year ended 31st March, 2009

List of Related Parties and Relationship

Party	Relationship
Mr. Ramniranjan Ruia	Key Management Personnel
Mr. Mukesh Ruia	Key Management Personnel
Ruia Rayons Private Limited	Enterprises having same Key Management Personnel
Ruia Silk & Synthetics Private Limited	Enterprises having same Key Management Personnel
SKI Buildcon Private Limited	Enterprises having relative of KMP as Key Management Personnel
Mukesh Silk Mills	Proprietorship of Key Management Personnel
Mrs. Kalpana M. Ruia	Relative of Key Management Personnel

a. Key Management Personnel

(Rs. in Lacs)

Name of Key Managerial Personnel	Director's Remuneration	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Outstanding Current Assets Received	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mr. Ramniranjan Ruia	-	-	-	-	-	-	-	-	-	-	-
Mr. Mukesh Ruia	3.70	-	-	-	-	-	-	-	-	-	-
Total	3.70	-	-	-	-	-	-	-	-	-	-

b. Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.

(Rs. in Lacs)

Name of the Enterprises	Deposits Given	Purchases	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Share Application Money
SKI Buildcon Private Limited	-	-	-	-	60.00	-	-	-	-	-	60.00
Ruia Rayons Private Limited	-	0.06	20.00	20.00	-	-	-	15.00	15.00	-	-
Total	-	0.06	20.00	20.00	-	-	-	15.00	15.00	-	-

c. Relative of Key Management Personnel

(Rs. in Lacs)

Name of the Relative of Key Management Personnel	Salary	Rent Paid	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mrs. Kalpana M. Ruia	3.90	-	-	-	-	-	-	-	-	-	-
Total	3.90	-	-	-	-	-	-	-	-	-	-

Note: Related Parties as disclosed by Management and relied upon by auditors.

4. For the Previous year ended 31st March, 2008
List of Related Parties and Relationship

Party	Relationship
Mr. Ramniranjan Ruia	Key Management Personnel
Mr. Mukesh Ruia	Key Management Personnel
Ruia Rayons Private Limited	Enterprises having same Key Management Personnel
Ruia Silk & Synthetics Private Limited	Enterprises having same Key Management Personnel
Mukesh Silk Mills	Proprietorship of Key Management Personnel
Mrs. Kalpana M. Ruia	Relative of Key Management Personnel

a. Key Management Personnel
(Rs. in Lacs)

Name of Key Managerial Personnel	Director's Remuneration	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Outstanding Current Assets Received	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mr. Ramniranjan Ruia	-	-	-	-	-	-	-	-	-	-	-
Mr. Mukesh Ruia	2.40	-	-	-	-	-	-	11.00	18.00	-	-
Total	2.40	-	-	-	-	-	-	11.00	18.00	-	-

b. Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.
(Rs. in Lacs)

Name of the Enterprises	Deposits Given	Purchases	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
N.A.	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

c. Relative of Key Management Personnel
(Rs. in Lacs)

Name of the Relative of Key Management Personnel	Deposits Given	Rent Paid	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mrs. Kalpana M. Ruia	-	-	-	-	-	-	-	20.00	20.00	-	-
Total	-	-	-	-	-	-	-	20.00	20.00	-	-

Note: Related Parties as disclosed by Management and relied upon by auditors.
5. For the Previous year ended 31st March 2007
List of Related Parties and Relationship

Party	Relationship
Mr. Ramniranjan Ruia	Key Management Personnel
Mr. Mukesh Ruia	Key Management Personnel
Ruia Rayons Private Limited	Enterprises having same Key Management Personnel
Ruia Silk & Synthetics Private Limited	Enterprises having same Key Management Personnel
Mukesh Silk Mills	Proprietorship of Key Management Personnel
Mrs. Kalpana M. Ruia	Relative of Key Management Personnel

a. Key Management Personnel
(Rs. in Lacs)

Name of Key Managerial Personnel	Director's Remuneration	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Outstanding Current Assets Received	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Unsecured Loan
Mr. Ramniranjan Ruia	-	-	-	-	-	-	-	-	-	-	-
Mr. Mukesh Ruia	2.40	-	-	-	-	-	-	7.00	-	-	7.00
Total	2.40	-	-	-	-	-	-	7.00	-	-	7.00

- b. Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.

(Rs. in Lacs)

Name of the Enterprises	Deposits Given	Purchases	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mukesh Silk Mills	-	-	15.00	15.00	-	-	-	-	10.00	-	-
Total	-	-	15.00	15.00	-	-	-	-	10.00	-	-

- c. Relative of Key Management Personnel

(Rs. in Lacs)

Name of the Relative of Key Management Personnel	Deposits Given	Rent Paid	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mrs. Kalpana M. Ruia	-	-	5.00	5.00	-	-	-	-	-	-	-
Total	-	-	5.00	5.00	-	-	-	-	-	-	-

Note: Related Parties as disclosed by Management and relied upon by auditors.

6. For the Previous year ended 31st March 2006

List of Related Parties and Relationship

Party	Relationship
Mr. Ramniranjan Ruia	Key Management Personnel
Mr. Mukesh Ruia	Key Management Personnel
Ruia Rayons Private Limited	Enterprises having same Key Management Personnel
Ruia Silk & Synthetics Private Limited	Enterprises having same Key Management Personnel
Mukesh Silk Mills	Proprietorship of Key Management Personnel
Mrs. Kalpana M. Ruia	Relative of Key Management Personnel

a. Key Management Personnel
(Rs. in Lacs)

Name of Key Managerial Personnel	Director's Remuneration	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Outstanding Current Assets Received	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mr. Ramniranjan Ruia	-	-	-	-	-	-	-	-	-	-	-
Mr. Mukesh Ruia	2.04	-	-	-	-	-	-	-	-	-	-
Total	2.04	-	-	-	-	-	-	-	-	-	-

b. Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.
(Rs. in Lacs)

Name of the Enterprises	Deposits Given	Purchases	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Unsecured Loans
Mukesh Silk Mills	-	-	-	-	-	-	-	19.00	9.00	-	10.00
Total	-	-	-	-	-	-	-	19.00	9.00	-	10.00

c. Relative of Key Management Personnel
(Rs. in Lacs)

Name of the Relative of Key Management Personnel	Deposits Given	Rent Paid	Loans & Advances Granted	Loans & Advances Received Back	Share Application Money Received	Share Application Money Refund	Outstanding Current Liabilities Paid	Unsecured Loan Taken	Unsecured Loan Paid	Outstanding Current Assets	Outstanding Current Liabilities
Mrs. Kalpana M. Ruia	-	-	-	-	-	-	-	-	6.15	-	-
Total	-	-	-	-	-	-	-	-	6.15	-	-

Note: Related Parties as disclosed by Management and relied upon by auditors.

Annexure – IX
MANDATORY ACCOUNTING RATIOS

Particulars	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at Sept 30, 2010
Net Profit Attributable to Equity Shareholders						
Earning Per Share (EPS) (Rs.) [a/b]						
- Basic [a/b] *	0.29	0.26	0.72	1.69	3.04	1.59
- Diluted [a/d] *	0.29	0.26	0.72	1.62	2.36	1.59
Return on Net Worth (%) [a/g %]	4.79%	4.11%	5.18%	11.59%	17.39%	7.12%
Net Asset Value Per Share (Rs.) [h/e]	7.28	28.45	8.47	65.74	78.56	22.11
Weighted Average No. of Equity Shares	4,622,355	4,622,355	6,959,516	7,421,355	7,421,355	9,889,049
No. of Equity Shares outstanding	1,027,190	1,027,190	1,649,190	1,649,190	1,649,190	10,002,181

- i) Earnings per share (EPS) is calculated after adjusting for 57,72,165 bonus equity shares issued in the ratio 7 shares for every 2 shares issued vide resolution passed at the extra ordinary annual general meeting held on April 17, 2010, with retrospective effect as provided in Accounting Standard (AS-20) - Earning Per Share, issued by the Institute of Chartered Accountants of India.
- ii) * For 30th September 2010 EPS & Diluted EPS is not annualized.

Note:

1

Net Profit after tax adjustments [a]	13.43	12.02	49.95	125.70	225.24	157.51
Weighted Average No. of Equity Shares [b]	4,622,355	4,622,355	6,959,516	7,421,355	7,421,355	9,889,049
Total No. of Equity Share for Calculating Diluted EPS [d]	4,622,355	4,622,355	6,959,516	7,777,958	9,553,554	9,889,049
No. of Equity Shares at the end of the year/period [e]	1,027,190	1,027,190	1,649,190	1,649,190	1,649,190	10,002,181
Net Worth [g]	280.24	292.25	964.22	1,084.11	1,295.53	2,211.98
Net Asset [h]	280.24	292.25	964.22	1,084.11	1,295.53	2,211.98

2

Formula :

Earnings per Share (Rs.) =	$\frac{\text{Net Profit attributable to equity shareholders}}{\text{Weighted Average number of equity shares outstanding during the period}}$
Net Asset Value Per Share (Rs.) =	$\frac{\text{Net Worth excluding revaluation reserve at the end of the period}}{\text{Total Number of equity shares outstanding at the end of the year/period}}$
Return on Net Worth (%) =	$\frac{\text{Net Profit after tax adjustments}}{\text{Net worth at the end of the year/period}} \times 100$
Net Asset =	Equity Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off

Annexure – X**CAPITALISATION STATEMENT****(Rs. in Lacs)**

Particulars	Pre-Issue as at 30th Sept, 2010	Pre-Issue as at 31st March, 2010
<u>Borrowings</u>		
Short Term Debt	1,972.38	1,201.93
Long Term Debt	3,373.58	2,786.44
Total Debt	5,345.96	3,988.37
<u>Shareholder's Funds</u>		
Share Capital	1,000.21	164.92
Reserves & Surplus	1,211.77	1,130.61
Total Shareholder's Funds	2,211.98	1,295.53
<u>Total Capitalization</u>		
Long Term Debt/Equity Ratio	1.53	2.15
Total Debt/Equity Ratio	2.42	3.08

Annexure – XI**STATEMENT OF UNSECURED LOANS TAKEN BY THE COMPANY**

(Rs. in Lacs)

Particulars	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at Sept 30, 2010
From Directors & Shareholders	36.00	96.12	135.00	127.71	415.00	393.13
From Banks & Financial Institutions	-	-	-	-	-	-
Others	-	-	-	-	-	21.40
Total	36.00	96.12	135.00	127.71	415.00	414.53

Annexure – XII**STATEMENT OF TAX SHELTER**

(Rs. in Lacs)

Particulars	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	6 Months ended Sept 30, 2010
Tax at Normal Rate	7.82	6.96	33.71	58.28	117.94	75.75
Adjustments:						
Export Profit	-	-	-	-	-	-
Difference between Tax Depreciation and Book Depreciation	31.88	13.82	169.81	132.69	184.32	74.77
Other Adjustment	2.11	(7.08)	3.14	(8.46)	(9.26)	(0.23)
Losses set off during the year	-	13.93	-	47.24	27.58	-
Net Adjustment	33.99	20.66	172.95	171.47	202.63	74.53
Tax Savings thereon	11.44	6.96	58.79	58.28	68.87	24.76
Tax as per Normal Provisions	-	-	-	-	49.07	50.99
Tax as per MAT	1.96	2.32	10.14	20.23	58.97	45.45
Provision for Current Tax	2.07	2.47	11.00	22.24	63.87	51.10
Deferred Tax Liability/(Assets)	7.87	7.28	29.15	60.68	72.13	19.44
FBT Provision	0.20	0.32	0.45	0.45	-	-

Annexure – XIII**STATEMENT OF LOANS AND ADVANCES & OTHER CURRENT ASSETS****(Rs. in Lacs)**

Particulars	As at					
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	September 30, 2010
Considered Good						
Advances recoverable in cash or in kind	41.64	87.39	72.35	317.21	630.82	746.22
Sundry Deposits	3.24	6.51	6.62	16.41	-	-
Excise Duty Receivable	2.41	3.41	5.06	16.34	14.77	18.29
Export Incentive Receivables	36.20	43.18	15.68	17.50	17.78	21.18
VAT Receivable	-	-	176.23	8.74	51.36	151.65
Tuff Subsidy Receivable	0.03	0.04	18.56	20.58	21.30	23.36
Other Receivables	-	16.39	43.81	48.83	70.46	110.57
MAT credit Receivable	0.25	0.25	0.25	24.61	1.60	-
TED Refund receivable	-	-	3.89	33.25	44.48	40.27
Considered Doubtful						
Advances recoverable in cash or in kind	-	-	-	-	-	7.03
Less: Provision for doubtful Debts	-	-	-	-	-	(7.03)
Total	83.77	157.17	342.45	503.47	852.57	1111.54

Annexure – XIV

STATEMENT OF CASH FLOW

(Rs. in Lacs)

	Particulars	Year ended March 2006	Year ended March 2007	Year ended March 2008	Year ended March 2009	Year ended March 2010	Period ended Sept 2010
A	Cash Flow From Operating Activities :						
	Net Profit Before Tax and Extraordinary Items	23.25	20.66	98.41	178.56	346.99	228.05
	Adjustment for :						
	Restatement of Accounts	-	1.47	(8.53)	0.14	4.34	-
	Depreciation	20.69	48.36	80.97	195.02	217.98	157.49
	Financing charges	16.54	46.15	98.02	250.37	262.60	206.64
	Loss on sale of asset	-	5.27	0.46	-	0.57	
	Profit on sale of asset	(7.03)	-	(1.57)	-	-	-
	Provision for doubtful advance	-	-	-	-	-	7.03
	Dividends	-	-	-	-	-	(0.40)
	Interest received	-	-	-	-	-	(0.69)
	Operating Profit Before Working Capital Changes	53.45	121.91	267.76	624.09	832.48	598.12
	Adjustment for :						
	Trade and other receivables	142.59	(245.80)	(398.96)	(542.31)	(362.37)	(418.10)
	Inventories	(16.35)	(43.35)	(310.32)	105.00	(10.35)	(281.41)
	Loans and advances	(67.02)	(60.41)	(21.79)	(310.03)	(313.38)	(111.77)
	other current assets	-	-	(163.51)	132.16	(42.24)	(150.56)
	Trade payables	(151.92)	102.56	44.07	(78.58)	236.77	(19.58)
	Other liabilities	(3.09)	8.00	-	-	-	
	Cash Generated From Operation	(95.79)	(239.00)	(850.51)	(693.76)	(491.57)	(981.42)
	Direct Tax Paid (Net)	1.36	-	(0.82)	(10.83)	(25.85)	(61.58)
	Net Cash From Operating Activities	(40.98)	(117.09)	(583.57)	(80.50)	315.06	(444.88)
B	Cash Flow From Investing Activities						
	Purchases of Fixed Assets	(282.64)	(123.64)	(1,363.74)	(75.75)	(2,159.94)	(380.99)
	Capital work in progress	-	-	(285.98)	-	(6.03)	(248.01)
	Advance against Capital goods	-	-	-	-	(201.53)	(68.72)
	Refund of Investment	-	-	-	-	-	0.03
	Dividends	-	-	-	-	-	0.40
	Interest received	-	-	-	-	-	0.69
	Sales of fixed assets	17.07	1.49	1.57	-	2.00	-
	Purchase of share	-	-	-	-	(5.03)	-

	Net Cash Used In Investing Activities	(265.57)	(122.15)	(1648.15)	(75.75)	(2,370.53)	(696.60)
C	Cash Flow From Financing Activities						
	Addition to share capital	8.70	-	62.20	-	-	258.08
	Proceeds from share application money	-	-	-	251.00	523.25	(774.25)
	Proceeds from Secured borrowings	243.60	215.55	1,683.26	166.98	1,520.43	1,357.11
	Proceeds from Unsecured borrowings	(0.15)	60.12	38.88	-	287.31	-
	Increase in Share premium	78.30	-	559.80	-	-	516.16
	Financing charges	(16.54)	(46.15)	(98.02)	(250.37)	(262.60)	(206.64)
	IPO expenses	-	-	-	-	-	(17.59)
	Dividend on shares	-	-	-	-	(5.79)	(11.54)
	Net Cash Used In Finance Activities	313.91	229.52	2,246.12	167.61	2,062.60	1,121.33
	Net Increase / (Decrease) in cash and cash equivalent	7.35	(9.71)	14.40	11.36	7.13	(20.15)
	Cash & Cash Equivalent as at the beginning of the year	10.37	17.72	8.01	22.41	33.77	40.90
	Cash & Cash Equivalent as at the year end	17.72	8.01	22.41	33.77	40.90	20.75

6.3 BRIEF AUDITED FINANCIAL INFORMATION OF GROUP / ASSOCIATE COMPANIES

1. Ruia Rayons Private Limited ("RRPL")

Date of Incorporation: March 6, 1997

Nature of Activities:

1. To carry on the business as manufacturers, spinners, soinnors, sizers, twister, crimpers, texturisers, processors, traders, dealers, importers, exporters and distributors of all types of cotton, synthetic or nylon fibers, threads and yarns of any description.
2. To carry on the business as manufacturers, processors, Dyers, printers, bleachers, knitters, weavers, importers, exporters and dealers of all types of silk, art silk, cotton, rayon, wool and manmade fabrics, cloths and textile goods.

(Rs. in Lacs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Sales	56.45	483.38	437.83
Profit After Tax	49.58	32.97	23.96
Equity Capital	184.17	184.17	184.17
Reserves and Surplus	600.92	551.33	518.37
Misc. Expenditure not w/o	--	--	--
Net worth	785.09	735.50	702.54
Earnings per Share (Rs.)	2.69	1.79	1.30
Net Asset Value per Share (Rs.)	42.63	39.93	38.15
Weighted average number of shares (in numbers)	1841660	18,41,650	18,41,650

2. Ruia Silk and Synthetics Private Limited ("RSSPL")

Date of Incorporation: May 1, 1986

Nature of Activities:

To carry on the business of weavers, spinners, manufacturers, ginnors, processors, dyers, knitters, crimpers, bleachers, doublers, packers and balers of cotton, silk, artificial silk, linen, rayon, polyester, viscose, nylon, manmade synthetic fibers and yarns, staple fibers, wool waste droppings, and any other fibrous material and the cultivation thereof, and the business of weaving or otherwise manufacturing, bleaching, printing, processing, dyeing and selling yarn, cloth, linen and other goods and fabrics whether textile, felted, netted or looped.

(Rs. in Lacs)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08
Sales	655.03	590.94	600.29
Profit After Tax	1.90	1.46	2.79
Equity Capital	72.96	72.96	72.96
Reserves and Surplus	63.48	61.58	60.12
Misc. Expenditure not w/o	Nil	Nil	Nil
Net worth	136.44	134.54	133.08
Earnings per Share (Rs.)	2.60	3.25	3.82
Net Asset Value per Share (Rs.)	187.00	184.40	182.40
Weighted average number of shares (in numbers)	72964	72964	72964

3. SKI Buildcon Private Limited

Date of Incorporation: 10th December, 2008

Nature of Activities: To carry on the business and deal in real estate, commercial properties, construction, infrastructure activities, purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, building, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, markets or other buildings residential and commercial or conveniences, drainage facility, electric, telephonic, television installations and to deal and market all kinds of properties in manner whatsoever, and entering into contracts and arrangements of all kinds with builders, tenants and others.

Brief Audited financial information of SKI Buildcon Private Limited as on March 31, 2009 and March 31, 2010

(Rs. in Lacs)		
Particulars	March 31,2010	March 31,2009
Commission and Brokerage	9.50	0.00
Profit After Tax	(0.23)	0.00
Equity Capital	35.60	13.80
Reserves and Surplus	138.40	51.20
Misc. Expenditure w/o	1.54	1.92
Net worth	172.46	187.28
Earnings per Share(Rs.)	--	--
Net Asset Value per Share (Rs.)	48.44	63.08
Weighted Average Number of Shares(in numbers)	3,56,000	1,38,000

SKI Buildcon Private Limited was incorporated on 10th Dec, 2008. It had not commenced any activities as on 31st March, 2009.

None of the above mentioned Group Company is sick nor has applied or BIFR nor a listed company nor restrained by any SEBI Order and there are no litigations against them.

No group company has ever become defunct.

Sales or Purchases between companies in the Promoter Group

There are no transactions relating to sales or purchases between the Company and any of the promoter group entities exceeding 10% of the sales or purchases of the Company, except as disclosed under "Related Party Transactions" appearing on Page No. 146 - of this Prospectus

Related Party Transactions

The details of related party transactions have been disclosed as a part of the Auditors Report. For details, please refer Page No. 146 of this Prospectus.

Details about Companies/Firms from which Promoters have disassociated during the last three years

During preceding three years, the Promoters have not disassociated themselves from any of the ventures /entities / companies / firms.

Details of Promoter group entities / companies whose names have been struck off from Registrar of Companies

None of the Promoter group entities / companies has been struck off as a defunct company by any ROC in India

There is a common pursuit amongst the Promoters' Group entities which may affect the business of our Company in long run.

Our Company and two of the promoter group entities viz. Ruia Rayons Pvt Ltd, Ruia Silk and Synthetics Pvt Ltd. At present are in the same line of business i.e. Manufacturing & Trading of Texturised, Twisted (TPY), and Knitted Yarn. Hence to this extent there exists a potential conflict between us in future.

Changes in Accounting Policies in the Last three years

There are no changes in the Accounting Policies of the above-mentioned group companies.

6.4 Changes in Accounting Policies in the last few years

During the period, in order to comply with Accounting Standard (AS) 15 (Revised 2005) "Employee Benefits" as notified by the Companies Accounts Standard, Rule 2006, the method of accounting of Gratuity and Bonus has been changed from cash basis to accrual basis of accounting and accordingly provision has been made as on 30th September 2010. Gratuity has been provided on the basis of actuarial valuation. Due to change in this accounting policy, the profit for the period is lower by Rs. 8.42 Lacs having consequential effect on the Reserves and Surplus and Current Liabilities

Particulars	Year Ended March, 2006	Year Ended March, 2007	Year Ended March, 2008	Year Ended March, 2009	Year Ended, March, 2010	Period Ended Sept, 2010
Net Profit After Tax but Before Adjustments (A):	14.47	10.59	58.57	117.43	220.76	162.02
Add/(Less): Adjustments on Account of:						
Excess / Short tax provision relating to earlier years	(1.04)	(0.04)	(0.09)	1.04	0.13	
Prior Period Items	-	1.47	(8.53)	7.23	4.35	(4.51)
Total (B)	(1.04)	1.43	(8.62)	8.27	4.48	(4.51)
Adjusted Profit (A + / (-) B)	13.43	12.02	49.95	125.70	225.24	157.51

6.5 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

Overview of the Business of our Company

Shekhawati Poly-Yarn Limited was originally incorporated on November 5th, 1990 as a Private Limited Company under the Companies Act, 1956 in the State of Maharashtra and a Certificate of Incorporation was obtained from the Addl. Registrar of Companies, Maharashtra, Mumbai having a Certificate No. 11-58818/1990. Later, it was converted into a Public Limited Company by passing the necessary resolution on 27th Feb, 2010 and certificate for the same was obtained from the Registrar of Companies, Maharashtra, Mumbai on April 19 2010

SPYL's manufacturing facilities are spread over following three units at Dadra and Nagar Haveli fully backed by facilities of product development, quality control and laboratory to provide quality services to its customers.

- Unit 1: Plot No 20, Sheetal Industrial Estate, Demini Road, Dadra, Dadara and Nagar Haveli, 396 191
- Unit 2: Plot No 44, Government Industrial Estate, Masat, Samarwani, Dadara and Nagar Haveli, 396 230.
- Unit 3: Plot No 185/1, Narolli Village, Silvassa, Dadara and Nagar Haveli, 396 235

The company started manufacturing texturised yarn with 2 machines setup in 1995-97 (Unit 1). The company soon identified opportunities in selling twisted Yarn and integrated its facilities to manufacture Twisted Yarn by installing Twisting Machines (TFO). It then sold old two texturising machines and replaced the same by installing newer

technology high speed texturising machines along with 5 TFO machines.

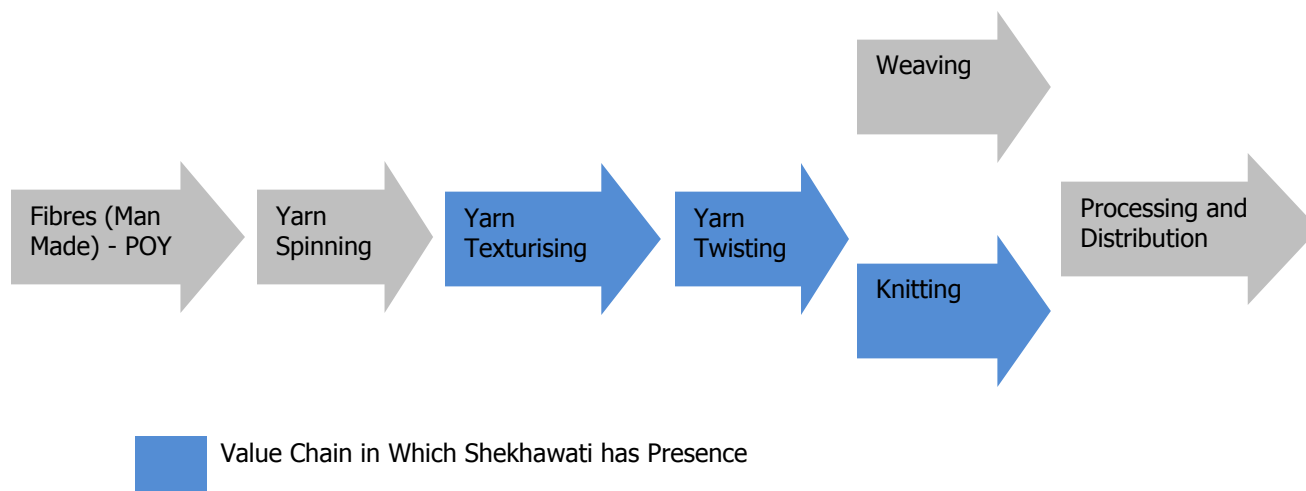
With aggressive expansion plans, the company expanded into Unit 2 by adding 8 additional Texturising machines. In all the company had on March 2009, 10 Texturising Machines with an installed capacity of 13200 MTPA and 5 Twisting (TFO) Machines with installed capacity of 900 MTPA in operations

The company identified 12 acre land at Silvassa to install 10 additional texturising machines in factory building admeasuring 55000 Sq. ft. The civil construction of the factory has been completed and production with 8 new machines has been started. The balance 2 machines are planned to be operational by December 2010 (Unit 3).

The following table summarizes major Milestone in the growth of Shekhawati Poly-Yarn Limited

Year	Activity	Capacity (Total)
1990	Incorporation	Trading of Textiles
1995-96	Setting-up of Unit 1 at Village Dadra, Silvassa – with one Texturising Machine	600 TPA
1996-97	Additional Texturising Machine Installed	1200 TPA
2005-06	Modernization of Texturising Machines to increase installed capacity	3000 TPA
	Forward Integration to Twisting by installing 5 TFO machines	900 TPA
2007-08	Setting-up of Unit II at village Masat, for manufacturing Texturised Yarn by installation of 8 Texturising Machines	10800 TPA
2009-10	Construction of Unit 3 completed at Silvassa admeasuring 55000 Sq Ft	Installation of 4 Texturising Machines is completed and 6 Texturising Machines are already Procured but yet to be Installed (not Funded through IPO Proceeds).
2010-11	Installation of Texturising Machines	Out of the 6 Texturising Machines already procured as mentioned above, 4 Machines have been installed and 2 Machines are yet to be installed. (not Funded through IPO Proceeds).

Shekhawati's presence in the value chain of man-made textile manufacturing industry after implementation of the proposed project is presented as below:



The company will have presence in the under mentioned activities:

- Texturising Yarn from Partially Oriented Yarn (Texturised yarn)
- Twisting Yarn from Texturised Yarn (Twisted Yarn) - Existing and Proposed
- Knitting Fabric from Texturised Yarn (Knitted Fabric) - Proposed

The Company has a state-of-the-art in house laboratory which is equipped with all the testing facilities to achieve nearly zero defects. The latest testing equipment is installed to meet technical requirements for: Research, Product Development & Quality Control of various incoming raw materials and outgoing finished products. All these tests are carried out in accordance with the relevant International & Industrial Standards.

Unique business model - (Low risk, good value)

The captive business model with value added process of twisting and knitting is a low risk, good value business model in textile industry. The overall risk profile of the business is significantly lower than if it were not fully captive. Together, we believe the overall value is much higher than that assigned to a stand-alone player (weaving or knitting or Garment or Process House Company) due to the various synergies and value addition.

Factors that may affect Results of the Operations

Several factors may affect the result of operations that may make it difficult to predict the future financial results. Some of these factors are:

- Non availability of raw material
- Operating cost & Efficiency
- Product and Market Mix
- Exchange Rates
- Government rules and regulations relating to textile industries
- Availability of skilled human forces
- Competition: domestic and international
- Break down of machinery or plant
- Disrupted power supply from state electricity board
- Strike by labors
- Delay in implementation of the Project

Comparison of Performance and Analysis of Developments for the period 6 months ended 30th September 2010 vis-à-vis Financial year ended 2010, 2009, 2008, 2007 and 2006.

Major Events

During the financial year 2009-10, the Company completed construction of Unit 3 at Silvassa admeasuring 55000 Sq Ft and has started efforts for Installation of 10 Texturising machines of which 8 machines have already been installed and production has been started. The company has obtained sanctions for loan from SBI for installation of remaining machinery which are expected to commence operations from December 2010.

This project has more than doubled the installed capacity of the company to 27,400 MTPA from existing capacity of 13200 MTPA. The benefits of the expansion will be observed in coming years as the increased capacity will add to top line and bottom line of the company.

Financial position of the company is compared as under. Figures in bracket showing annualized data for six months ended on Sept. 2010.

Sales

During the financial year 2009-10, the Company achieved Net Sales of Rs. 8937.11Lacs as compared to Rs 7762.95 Lacs, Rs 3251.72 Lacs, Rs 1768.83 Lacs, Rs 1562.67 Lacs and Rs 940.66 Lacs during the financial year 2008-09, 2007-08, 2006-07 and 2005-06 respectively registering a growth of 115.13%, 238.73%, 183.83%, 188.04% annually. (Sales figures for first six months of 2010-11 were Rs 11514.92 Lacs)

Operating and administrative expenses

During the financial year 2009-10, operating and administrative expenses were Rs. 8123.36 Lacs compared to Rs 7127.02 Lacs, Rs 3120.30 Lacs, Rs 1671.44 Lacs, Rs 881.33 Lacs during the financial year 2008-09, 2007-08, 2006-07 and 2005-06 respectively registering a growth of 113.98%, 228.41%, 186.68%, and 189.65% annually. (Operating expenses for first six months of 2010-11 was Rs 10808.26 Lacs).

Interest & Financial Charges

During the financial year 2009-10, interest financial expenses were Rs.262.60 Lacs compared to Rs 250.37 Lacs, Rs 98.02 Lacs, Rs 46.15 Lacs, Rs 16.54 Lacs during the financial year 2008-09, 2007-08, 2006-07 and 2005-06 respectively registering a growth of 104.88%, 255.43%, 212.39% and 279.02% annually. (Interest and Financial expenses for first six months of 2010-11 was Rs 413.28 Lacs)

Gross Block

During the Financial Year 2009-10, the Gross Block increased to Rs. 4411.95 Lacs from Rs.2255.99 Lacs as at March 31, 2009. On account of part implementation of an integrated facility at Silvassa for manufacturing PTY with a total project cost of Rs. 40.15 Crores. Under this the company has established Yarn Texturising Facility of 14200 MTPA with 10 texturising machines, which are not being funded by the present public issue.

Depreciation

During the financial year 2009-10 depreciation was Rs.218.09 Lacs compared to Rs 195.16 Lacs, Rs 79.54 Lacs, Rs 49.83 Lacs and Rs 20.96 Lacs during the financial year 2008-09, 2007-08, 2006-07 and 2005-06 respectively registering a growth of 111.75%, 245.36%, 159.62%, and 237.74% annually. (Depreciation expenses for first six months of 2010-11 was Rs 314.98 Lacs)

Profit after tax

During the financial year 2009-10, profit after tax was Rs.220.89 Lacs compared to Rs 125.56 Lacs, Rs 57.81 Lacs, Rs 10.59 Lacs, and Rs 13.11 Lacs during the financial year 2008-09, 2007-08, 2006-07 and 2005-06 respectively registering a growth of 175.92% 217.19%, 545.89% and 80.78% annually. (Profit for first six months of 2010-11 was Rs 315.02 Lacs)

A brief summary of facilities of Shekhawati is given below:

Existing Activity	Installed	Work in Progress (To be operational by December 2010)	Capacity in Metric Tonnes Per Annum (MTPA)
Texturising			
Unit 1	2	Nil	2400
Unit 2	8	Nil	10800
Unit 3	8	2*	14200
Total			27400

* (Being funded by term loan from bank)

Twisting			
Unit 1	5	Nil	660
Total			660
Proposed through IPO			
Activity	Installed	Proposed (To be operational by March 2011)	Capacity in Metric Tonnes Per Annum (MTPA)
Unit 3			
Texturising	Nil	Nil	Nil
Twisting	Nil	30	3960
Knitting	Nil	30	1980
Total			5940

Risk Analysis

As explained in the table below, various critical risk factors for the project have been addressed and adequate risk sharing/mitigation measures have been put in place to ensure smooth implementation and operation of the project.

Risk Description	Risk mitigation
Implementation Risk	
Cost increase and price escalation	To mitigate the risk a contingency provision for the project cost should be made.
Completion Delay	The project will be professionally managed by project consultant, who in the past has successfully implemented similar large size projects.
Nonpolitical force majeure/damage/destruction	Commercial insurance is to be taken by company to cover such risks.
Post Implementation Operation Risk	
Raw Material risk	The company already has working relations with the existing yarn suppliers and does not foresee any difficulty in procuring the same in the future also.
Equipment Defects	All the plants and machinery are being sourced from the reputed equipment suppliers in the textile sector. Further the machinery are purchased with an agreement to rectify the defect if any arising during the period of one year.
Technology risk	The technology considered is proven, well established, tried and tested. The company is installing state of the art imported machines for the project.
Post Implementation Selling Risk	
Revenue risk	Due to the large and diversified customer base, the company is not dependent upon any single customer. Also the multi segment and multi market presence mitigates the risk of downturn in demand from any particular segment/market.
Competition risk	Company has a steady market for its products and has established significant brand goodwill in the market segment, in which it operates. The diversified lines of business with modern machinery and ability to deliver at the shortest possible time places the company at a distinct competitive advantage over other players in the industry.

THE SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer to the section titled "Financial Information of the Issuer Company" beginning on Page No. 126 of this Prospectus.

DISCUSSION ON RESULTS OF OPERATIONS
Analysis on results of financial operations:
(Rs in Lacs)

Particulars	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	6 Months period ended Sept 30, 2010
<u>Income</u>						
<u>Sales</u>						
Of Products Manufactured by the Issuer	810.11	1,562.67	3,251.72	7,762.95	8,937.11	5,757.46
Of Products Traded in by the Issuer	130.55	206.16	-	-	-	-
Net Sales	940.66	1,768.83	3,251.72	7,762.95	8,937.11	5,757.46
Other Income (Refer Annexure VII)	7.70	0.64	2.35	13.50	3.64	1.32
Increase /(Decrease) in Inventories	(6.56)	18.62	142.20	(25.34)	10.29	237.53
Total	941.80	1,788.08	3,396.26	7,751.11	8,951.04	5,996.31
<u>Expenditure</u>						
Materials Consumed/ Sold	797.15	1,529.22	2,853.83	6,377.00	7,249.22	4,819.95
Manufacturing Expenses	61.18	105.35	211.22	652.62	735.18	448.89
Staff Costs	11.79	21.01	38.53	64.49	64.75	52.69
Administrative, Selling & Other Expenses	11.20	15.87	16.72	32.91	74.21	82.60
Interest and other finance charges	16.54	46.15	98.02	250.37	262.60	206.64
Depreciation	20.69	49.83	79.54	195.16	218.09	157.49
Total	918.56	1,767.42	3,297.86	7,572.55	8,604.05	5,768.26
<u>Net Profit / (Loss) before tax</u>	23.25	20.66	98.41	178.56	346.99	228.05
Taxation (including Current, Deferred , FBT & MAT credit entitlement)						
- Current Tax	2.07	2.47	11.00	22.24	63.87	51.10
- Fringe Benefit Tax	0.20	0.32	0.45	0.45	-	-
- Deferred Tax Liability/(Assets)	7.87	7.28	29.15	60.68	72.13	19.44
- Add: MAT Credit Entitlement	-	-	-	(30.37)	(9.90)	-

Net Profit \ (Loss) after tax	13.11	10.59	57.81	125.56	220.89	157.51
Short /(Excess) Provision in respect of income tax for earlier years	(1.36)	-	0.71	1.04	0.13	-
Prior Period Items	-	-	(1.47)	7.09	-	(4.51)
Depreciation of earlier years	-	-	-	-	-	-
Net Profit \ (Loss) after tax as per audited financial statements (A)	14.47	10.59	58.57	117.43	220.76	162.02
Add/ (Less): Adjustments on account of restatements:[As per Annexure VI (Note C (6))]	(1.04)	1.43	(8.62)	8.27	4.48	(4.51)
Net Profit/(Loss) as restated (A + / (-) B)	13.43	12.02	49.95	125.69	225.24	157.51
Profit/(Loss) Available for Appropriation as restated	13.43	12.02	49.95	125.70	225.24	157.51
Weighted No. of Shares Outstanding*	46,22,355	46,22,355	69,59,516	74,21,355	74,21,355	98,89,049
Basic EPS	0.29	0.26	0.72	1.69	3.04	1.59**

1. * Earning per share (EPS) is calculated after adjusting for 57,72,165 bonus equity shares issued in the ratio 7 shares for every 2 shares issued vide resolution passed at the extra ordinary annual general meeting held on April 17, 2010, with retrospective effect as provided in Accounting Standard (AS-20)- Earning Per Share, issued by the Institute of Chartered Accountants of India.

2. ** For 30th September 2010 EPS is not annualised

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions that have significantly affected our business.

Significant economic changes that materially affected or are likely to affect income from continuing operations.

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations except for changes in government policies including changes in tax structure.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the Section titled "Risk Factors" on Page No. 7 and in "Management Discussion and Analysis of financial condition and results of financial operations" appearing on Page No. 164 of this Prospectus, to Company's knowledge.

Future changes in relationship between costs and revenues

Other than as described in the Sections titled "Risk Factors" and "Management's Discussion and analysis of financial condition and results of financial operations" beginning on Pages 7 and 164 respectively of this Prospectus and Prospectus and elsewhere in this Prospectus/ Prospectus, there are to our knowledge no known factors which would have a material adverse impact on the relationship between costs and income of our Company.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of textile products to be sold by our Company. Other than as described in this Prospectus/ Prospectus, we do not have any new products or business segment.

Total turnover of each major industry segment in which our Company operated

Our Company operates significantly in only one Industry Segment i.e. Textile products. For details, please refer to Section titled "Industry Overview" on Page No. 68 of this Prospectus/Prospectus.

Status of any publicly announced New Products or Business Segment

We have not announced any new products or business Segment.

Seasonality of business

Business of our Company is not seasonal.

Dependence on a single or few suppliers or customers

We source the raw materials from a number of suppliers and do not have excessive dependence on any single supplier. We also do not depend on a limited number of customers for selling our products.

Competitive conditions

We believe that on account of our competitive strengths we are well positioned to enhance our position in the sector in which we operate.

Details of material developments after the date of last balance sheet

No circumstances have arisen since the date of the last financial statement until the date of filing of this Prospectus/Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

Liquidity and Capital Resources

The primary liquidity requirements are to finance the working capital needs & the capital expenditure. The requirement of working capital is to finance the purchase of raw material, make necessary advance to supplies and undertake and manufacturing activities before full payment is received from the customers. To fund these costs, we have relied on short-term and long-term borrowings, including working capital financing, term loans and flows from operating activities.

Cash Flow

The following table summarizes the cash flow for each of the years ended March 31, 2006, 2007, 2008, 2009, 2010 and 6 months ended September 30, 2010.

(Rs. in Lacs)

Particulars	For the year ended March 31st			For 6 months		
	2006	2007	2008	2009	2010	30th Sept. 2010
Net cash flow from operating activities	(40.99)	(100.44)	(579.68)	(80.50)	315.31	(444.88)
Net cash flow from investing activities	(265.57)	(138.81)	(1652.04)	(75.75)	(2370.76)	(696.60)
Net cash flow from Financing activities	313.91	229.54	2246.11	167.61	2062.58	1121.33
Net (Decrease)/Increase in Cash and cash Equivalents	7.35	(9.70)	14.40	11.35	7.13	(20.15)
Cash & Cash Equivalent as at the beginning of the Year	10.37	17.72	8.01	22.41	33.77	40.90
Cash & Cash Equivalent as at the Year End	17.72	8.01	22.41	33.77	40.90	20.75

Operating Activities

Cash flow operating activities mainly depends on our operating and changes in net working capital. The following table summarizes our cash flow from operations for each of the years ended March 31st 2006, 2007, 2008, 2009, 2010 and 6 months ended September 30, 2010.

(Rs. in Lacs)

Particulars	Year ended 31.03.2006	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Period ended 30.09.2010
Cash Flow From Operating Activities						
Net Profit Before Tax and Extraordinary Items	23.24	20.66	98.41	178.56	349.09	228.05
Adjustment for :						
Depreciation :	20.69	49.83	79.54	195.16	218.09	157.49
Financing charges	16.54	46.15	98.02	250.37	262.60	206.64
Loss on sale of asset	-	5.27	0.46	-	0.57	
Profit on sale of asset	(7.03)	-	(1.57)	-	-	-
Provision for doubtful advance	-	-	-	-	-	7.03
Dividends	-	-	-	-	-	(0.40)
Interest received	-	-	-	-	-	(0.69)
Misc. expenses written off	-	-	-	-	-	-
Operating Profit Before Working Capital Changes	53.45	121.91	274.86	624.09	830.35	598.12
Adjustment for :						
Trade and other receivables	142.59	(245.80)	(398.96)	(542.31)	(362.37)	(418.10)
Inventories	(16.35)	(43.35)	(310.32)	105.00	(10.35)	(281.41)
Loans and advances	(67.02)	(43.75)	(17.91)	(310.03)	(315.70)	(111.77)
other current assets	-	-	(163.51)	132.15	(42.25)	(150.56)
Trade payables	(151.92)	102.56	44.07	(78.58)	241.48	(24.29)
Other liabilities	(3.09)	8.00	-	-	-	
Cash Generated From Operation	(95.79)	(222.35)	(846.62)	(693.77)	(489.19)	(986.13)
Direct Tax Paid (Net)	1.36	-	(0.11)	(9.79)	(25.85)	(61.58)
Earlier year taxes paid	-	-	(0.71)	(1.04)	-	-
prior period adjustments	-	-	(7.09)	-	-	4.25
Net Cash From Operating Activities	(40.99)	(100.44)	(579.68)	(80.50)	315.31	(445.34)

Investment Activities

The following table summarizes our cash flow from investing activities for cash activities for each year ended March 31st 2006, 2007, 2008, 2009, 2010 and 6 months ended September 30, 2010.

(Rs. in Lacs)

Particulars	Year ended 31.03.2006	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Period ended 30.09.2010
Cash Flow From Investing Activities						
Purchases of Fixed Assets	(282.64)	(140.29)	(1,367.63)	(75.75)	(2,157.62)	(380.99)
Capital work in progress	-	-	(285.98)	-	(8.58)	(245.46)
Advance against Capital goods	-	-	-	-	(201.53)	(68.72)
Refund of Investment	-	-	-	-	-	0.03
Dividends	-	-	-	-	-	0.40
Interest received	-	-	-	-	-	0.69
sales of fixed assets	17.08	1.49	1.57	-	2.00	-
Purchase of Shares	-	-	-	-	(5.03)	-
Net Cash Used In Investing Activities	(265.57)	(138.81)	(1,652.04)	(75.75)	(2,370.76)	(694.05)

Financing Activities

The following table summarizes our cash flow from financing activities for cash activities for each year ended March 31, 2006, 2007, 2008, 2009, 2010 and 6 months ended September 30, 2010.

(Rs. in Lacs)

Particulars	Year ended 31.03.2006	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Period ended 30.09.2010
Cash Flow From Investing Activities						
Purchases of Fixed Assets	(282.64)	(140.29)	(1,367.63)	(75.75)	(2,157.62)	(380.99)
Capital work in progress	-	-	(285.98)	-	(8.58)	(245.46)
Advance against Capital goods	-	-	-	-	(201.53)	(68.72)
Refund of Investment	-	-	-	-	-	0.03
Dividends	-	-	-	-	-	0.40
Interest received	-	-	-	-	-	0.69
Sales of fixed assets	17.08	1.49	1.57	-	2.00	-
Purchase of Shares	-	-	-	-	(5.03)	-
Net Cash Used In Investing Activities	(265.57)	(138.81)	(1,652.04)	(75.75)	(2,370.76)	(694.05)

SECTION VII: LEGAL AND OTHER INFORMATION OF OUR COMPANY

7.1 OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or prosecutions, proceedings or tax liabilities against our Company, the Directors of our Company, the Promoters of our Company and Group / Associate Companies that would have a material adverse effect on the business of our Company and there are no defaults, non-payment or overdue of statutory dues, institutional / bank dues and dues other than unclaimed against our Company or Directors or Promoters or Group Companies as on date of this Prospectus.

No legal notice has been served upon our Company from the Registrar of Companies, Maharashtra from the date of Incorporation till date.

We have certain contingent liabilities, which have not been provided for in the books of accounts. Materialization of any of these contingent liabilities could affect our financials.

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

Sr. No.	Nature of Liability	(Rs. in Lacs)	
		Mar 31, 2010	Sept 30, 2010
1	Pending Export Obligation under EPCG License	4510.89	4233.14
2	On account of Capital Contracts yet to be executed	791.44	858.40
3	Bank Guarantee	49.55	61.15

B. Litigation by and against the Issuer Company and its Directors and Promoters as well as Group Companies and their Promoters/Directors

1. There are no litigations or proceedings filed by or against our Company, its Directors or Promoters or its Group Companies or against any other company whose outcome could have a materially adverse effect of the position of our Company;
2. There are no litigations against the Directors of our Company and its Group Companies involving violation of statutory regulations or alleging criminal offence;
3. There has not been any criminal/ civil prosecution of our Company and our Group Companies for any litigation towards tax liabilities;
4. There are no pending proceedings initiated for economic offences against our Company our Group Companies or their respective directors;
5. There are no adverse findings, by any statutory or regulatory authority in respect of our Company as regards compliance with the securities laws;
6. There are no past cases in which penalties were imposed by the authorities concerned on our Company or its Directors;
7. There are no outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of our Company or its Group Companies, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956);

8. There is no pending litigations, defaults, nonpayment of statutory dues, proceedings initiated for economic offences or civil offences or any past cases or any disciplinary action taken by the Securities and Exchange Board of India or stock exchanges against our Company or its Directors.
9. There are no outstanding litigations involving the Promoter and Group Companies and there are no defaults to the financial institutions or banks, non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares, by the promoters and group companies, and no proceedings have been initiated for economic offences or civil offences (including the past cases, if found guilty), and no disciplinary action taken by the Securities and Exchange Board of India or recognized stock exchanges against the promoters and group companies;
10. There are no pending litigations, defaults, etc. in respect of group companies with which the promoters were associated in the past but are no longer associated;
11. None of the Group Companies had faced/is facing any litigations/ defaults/over dues or labour problems/ closure etc.
12. There are no litigations against the promoter involving violation of statutory regulations or alleging criminal offence
13. There are no proceedings initiated for economic offences against the promoters, group companies;
14. There are no adverse findings, by any statutory or regulatory authority, in respect of the persons/entities connected with the issuer/promoter/ group companies as regards compliance with the securities laws; except the non- Compliance of Accounting Standard 3 of the ICAI with regard to Financial Year ended 31st March, 2008.
15. Group Companies in which penalties were imposed by the concerned authorities.

C. Name of the Creditors to whom our Company owes a sum exceeding Rs. 1.00 Lac which is outstanding for more than 30 days as on September 30, 2010:

(1)	Shreeji Construction	Rs. 127.20 Lacs
(2)	Chandra Electricals Services	Rs. 4.43 Lacs

OUTSTANDING DUES OF SSI UNITS

There are no dues to the Micro, Small and Medium Enterprises which are outstanding as at the Balance Sheet Date. This information regarding Micro Small and Medium Enterprises has been determined on the basis of information available with the Company.

MATERIAL DEVELOPMENTS

The Directors of our Company in their opinion hereby state that there is no material development after the date of the last financial statements disclosed in the Prospectus which is likely to materially and adversely affect or is likely to affect the trading or profitability of our Company or the value of its assets, or its ability to pay its liabilities within the next twelve months.

7.2 GOVERNMENT APPROVALS / LICENSING ARRANGEMENTS GOVERNMENT AND OTHER APPROVALS

The Approvals and Licenses received by our Company from government authorities listed below enable us to carry out our present business activities. Unless otherwise stated herein below, these approvals are valid and subsisting as on the date of this Prospectus. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

The licenses, permissions and approvals obtained by our Company under various Central and State Laws for carrying out its business are enlisted below

APPROVALS MATERIAL TO OUR CURRENT BUSINESS ACTIVITIES

INCORPORATION AND OTHER STATUTORY COMPLIANCES

Certificate of Incorporation

Our Company was incorporated on November 5th, 1990 as evidenced by the Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. Our Company Identification Number (CIN) of our Company is **U17120MH1990PLC058818**. The Certificate of Incorporation has no validity period.

Certificate of Incorporation consequent to the Change of Name

Pursuant to a Special Resolution of the members of the Company, on 27/02/2010 the name of the Company was changed to its present name i.e. Shekhawati Poly-Yarn Limited consequent to the conversion of the Company from Private Limited to Public Limited Company as evidenced by the Certificate of Change of Name dated 19/04/2010 from the Registrar of Companies, Maharashtra, Mumbai.

Importer-Exporter Code (IEC)

Our Company has been issued the Importer Exporter Code ("IEC") number 0394060857 vide certificate dated 01/04/1994 issued by the Ministry of Commerce. The original certificate was issued to the Company before change in its name. IEC does not have a validity period.

Permanent Account Number (PAN)

The PAN number allotted to our Company is AABC S5224N. PAN has no validity period.

Tax Deduction Account Number (TAN)

The TAN number allotted to our Company is MUM527345D. TAN has no validity period.

Central Excise Number

Our Company has been registered as Manufacturer of Excisable goods as evidenced by Central Excise Registration Certificate issued under Rule 9 of the Central Excise Rules, 2002 Form RC bearing Registration Number

Factory Unit	Central Excise No.
Plot No. 44, Government Industrial Estate, Village Masat, Silvassa	AABCS5224NXM002
Srv. No. 185/1, Village Naroli, Silvassa	AABCS5224NXM003
Survey No. 260/p, Plot No. 20, Village Dadra, Silvassa	AABCS5224NXM001

Central Excise No. has no validity period.

Certificate of exemption issued by Sales Tax Department

Our Company has been registered as a dealer under Section 7(1) and 7 (3) of the Central Sales Tax Act, 1956 Certificate of Registration no. DNH/ CST/ 1166 dated 15/12/1993 issued under the Central Sales Tax Act, 1956.

Under Certificate No. ADM/ DNH/ EXEMPT/ CST/ 2008/ 2497 dated 15/09/2008, it has been granted exemption from payment of Central Sales Tax. This certificate is valid upto 31/12/2017.

Factory Licenses

Form No. 3 (Rule 5, 8 & 11) renewal of license of a factory for the year 2008 to 2010, allowing SPYL to appoint maximum of 50 workers on any one day during the year and giving permission for installing machines of total power of 500-1450 HP in its factory situated at

Factory Unit	Factory License No.
Plot No. 44, Government Industrial Estate, Village Masat, Silvassa	2270
Srv. No. 185/1, Village Naroli, Silvassa	2432
Survey No. 260/p, Plot No. 20, Village Dadra, Silvassa	1101

Factory License has no validity period.

Investment Approvals (FIPB/ RBI, etc.)

As per Notification No. FEMA 20 / 2000 - RBI dated May 3, 2000, as amended from time to time, under automatic route of Reserve Bank, our Company is not required to make an application for Issue of Equity Shares to NRIs / FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs / FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

Dadra and Nagar Haveli Value Added Tax Rules, 2005

Our Company is registered in the category of "dealer" holding registration under Rule 15(2) of Dadra and Nagar Haveli Value Added Tax Rules, 2005 No. 26000001227

We have no inquiry, proceedings, show-cause notice that has been issued by the Sales Tax Department against our Company nor is any appeal pending.

Registration under Rule 15(2) of Dadra and Nagar Haveli Value Added Tax Rules, 2005 does not have any validity period.

State Tax on professions, Trades, Callings and Employments Act, 1975

Our Company has not yet registered under Section 5 of The Maharashtra State Tax on Professions, Trades, Callings and Employments Acts, 1975. The Company has now made an application to the Professional Tax Department. The Company may be liable for the tax not paid and the penalty, if any, levied upon the Company.

Environment

Consent Order by Pollution Control Committee Daman & Diu and Dadra & Nagar Haveli bearing Consent Numbers as follows:

Factory Unit	Consent No.	Issuing Authority
Plot No. 44, Government Industrial Estate, Village Masat, Silvassa	For Water PCC/DDD/G-4540/MS/WA/07-08/24 dated 30/09/09 Valid upto 28/02/2012 For Air PCC/DDD/G-4540/MS/AA/07-08/25 dated 30/09/09 Valid upto 28/02/2012	Pollution Control Committee Daman & Diu and Dadra & Nagar Haveli
Srv. No. 185/1, Village Naroli, Siolvassa	For Water PCC/DDD/G-4826/WA/NR/09-10/611 dated 11/11/09 Valid upto 31/01/2011 For Air PCC/DDD/G-4826/AA/NR/09-10/610 dated 11/11/09 Valid upto 31/01/2011	Pollution Control Committee Daman & Diu and Dadra & Nagar Haveli
Survey No. 260/p, Plot No. 20, Village Dadra, Silvassa	For Water PCC/DDD/G-24/WA/NR/99-00/708 dated 23/01/08 Valid upto 31/03/2012 For Air PCC/DDD/G-4826/AA/NR/09-10/708 Valid upto 31/03/2012	Pollution Control Committee Daman & Diu and Dadra & Nagar Haveli

Bombay Shops and Establishment Act, 1948

Ours is registered as Commercial Establishment under Bombay Shop and Establishments Act, 1948, and is allotted Registration No. 76012994/46/Commercial II vide Certificate of Registration issued on 18/02/2010. The License is valid upto 31/12/2012

TUFS

Sanction Letter Ref. No.

1. CBM:TUFS:07: 11463/14.06.07
2. CBM: TUFS:08: 468:1242/03.10.2008
3. CBM:TUFS:09: 468:640/09.11.2009

Approval for setting up the Proposed Project

As regards the approval for setting up the proposed project, we have received an acknowledgement no. 1055/SIA/IMO/2008 dated April 7, 2008 for the proposed project from Public Relation & Complaints Section; Secretariat for Industrial Assistance; Ministry of Commerce & Industry; Govt. of India.

Employees' State Insurance Act, 1948

Our Company has not yet registered under The Employees' State Insurance Act, 1948 for which it may be liable under the provisions of the said Act. However, we are in the process of filing of registration documents with the relevant authorities.

SECTION VIII - OTHER REGULATORY AND STATUTORY DISCLOSURES**AUTHORITY FOR THE ISSUE**

The present Initial Public Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on 20th April, 2010 and was approved by the Shareholders of the Company by passing Special Resolution at the Extraordinary General Meetings held on 14th May, 2010 and 11th June, 2010 in accordance with the provisions of Section 81(1A) of the Companies Act, 1956.

PROHIBITION BY SEBI

There is no prohibition on our Company, Promoters, Promoters Group, Directors, Group Companies for accessing the Capital Market for any reason by the Board or any other Authorities.

CONFIRMATION

None of our Directors are associated with the Securities Market.

ELIGIBILITY FOR THE ISSUE

Our Company is an unlisted Company and this Issue is being made in terms of Regulation 26 (1) of SEBI (ICDR) Regulations, 2009 wherein:

- a) Our Company has net tangible assets of at least Rs. 3.00 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets;
- b) Our Company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;
- c) Our Company has a net worth of at least Rs. 1.00 Crore in each of the preceding 3 full years (of 12 months each); and
- d) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.
- e) Our Company has not changed its name in the last one year other than for the purpose of conversion from Private Limited

(The name of the Company was changed to "Shekhawati Poly -Yarn Limited" from "Shekhawati Poly- Yarn Private Limited" subsequent to conversion of our Company from Private Limited to Public Limited and a fresh Certificate of Incorporation consequent to change in name was obtained on 19/04/2010)

Further, our post-issue face value capital shall be Rs. 2200.21 Lacs and our Company undertakes that the number of allottees in the proposed Issue shall be at least 1,000; otherwise, we shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

(Rs. in Lacs)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	Sept 30, 2010
Net Tangible Assets	713.05	1006.60	3431.37	4042.26	6656.69	8175.58
Distributable Profits	14.46	10.60	57.10	124.51	220.76	157.51
Net worth	281.27	291.86	972.44	1084.07	1295.53	2211.98
Monetary Assets	17.72	8.01	22.41	33.71	40.90	20.75
Monetary Assets Tangible Assets (%)	2.48%	0.80%	0.65%	0.84%	0.03%	0.01%

DISCLOSURE

Neither the Company nor its Promoters, Group Companies, Relatives (as defined under Companies Act, 1956) of Promoters and Group Companies are identified as willful defaulters by the Reserve Bank of India or any other Authority.

SEBI DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT 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 OFFER DOCUMENT. THE LEAD MERCHANT BANKER, HEM SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT 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 COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER HEM SECURITIES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 26, 2010 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 materials in connection with the finalisation of the Prospectus pertaining to the said issue;
2. On the basis of such examination and the discussions with the Issuer Company, its Directors and other Officers, other agencies, independent verification of the statements concerning the Objects of the Issue, Price Justification and the contents of the documents and other papers furnished by the Company, WE CONFIRM that:
 - a. The Prospectus filed with the Board is in conformity with the documents, materials and papers relevant to the Issue;
 - b. All the legal requirements connected with the Issue as also the guidelines, instructions, etc. issued by the board, the Central Government and any other Competent Authority in this behalf have been duly complied

with; and

- c. The disclosures made in the Prospectus are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the Proposed Issue (and such disclosures are in accordance with the requirements of the Companies Act, 1956, the SEBI (ICDR) regulations, 2009 and other applicable legal requirements).
3. We confirm that besides ourselves, all the intermediaries named in the Prospectus are registered with SEBI and that till date such registrations are valid.
4. Underwriting being optional, the Issue is not underwritten.
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 the Promoters' Contribution subject to lock-in, will not be disposed/ sold/ transferred by the Promoters during the period starting from the date of filing the Prospectus with the board till the date of commencement of lock-in period as stated in the Prospectus.
6. We certify that Clause 33 of the SEBI (ICDR) 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 clause have been made in the Prospectus.
7. We undertake that Sub Regulation (4) of Regulation (32) and Clause (c) and (d) of Sub Regulation (2) of Regulation 8 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 shall be complied with. Since the pre Issue holding of the Promoters/ Promoters' Group is 100% and would be 45% of the of the Proposed Post Issue capital respectively, the requirement of ensuring that Promoters' Contribution shall be received at least one day before the opening of the Issue is not applicable.
8. We certify that the proposed activities of the Company for which the funds are being raised in the Present Issue fall within the 'main objects' listed in the Object Clause of the Memorandum of Association of the Company and that the activities which have been carried out until now are valid in terms of the Object Clause of its Memorandum of Association.
9. We confirm that necessary arrangements have been made to ensure that the moneys received pursuant to the issue are kept in a separate bank account as per the provisions of sub-section (3) of section 73 of the Companies Act, 1956 and that such money shall be released by the said bank only after permission is obtained from all the Stock Exchanges mentioned in the Prospectus/ letter of offer. We further confirm that the agreement entered into between the Bankers to the Issue and the Issuer Company specifically contains this condition.
10. 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.
11. We certify that the following disclosures have been made in the Prospectus:
 - a. An undertaking from the Issuer Company that at any given time there shall be only one denomination for the shares of the company and
 - b. An undertaking from the Company that it shall comply with such disclosure and accounting norms

specified by the Board from time to time.

12. 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.
13. All legal requirements pertaining to the Issue will be complied with at the time of filing of the Prospectus with the roc in terms of Section 60B of the Companies Act, 1956. All legal requirements pertaining to the issue will be complied with at the time of registration of the Prospectus with the ROC in terms of Sections 60 and 60B of the Companies Act, 1956
14. The filing of the offer document does not, however, absolve the Company 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 Lead Merchant Banker any irregularities or lapses in offer document."

DISCLAIMER CLAUSE OF DESIGNATED STOCK EXCHANGE – BSE LIMITED, MUMBAI

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated August 11, 2010, permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer Document;
- ii. warrant that our Company's securities will be listed or will continue to be listed on the respective exchanges; or
- iii. take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE NSE

As required, a copy of Prospectus had been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Prospectus is as follows:

"As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/ 149487-8 dated October 18, 2010 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the Prospectus for its limited purpose of deciding on the matter of granting the aforesaid permission to the Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or continue to

be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoters, its Management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

DISCLAIMER STATEMENT FROM THE COMPANY AND THE LEAD MANAGER

Our Company, its Directors and the Lead Manager accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisement or any other material issued by or at instance of the Company and that anyone placing reliance on any other source of information, including our website www.shekhawatiyarn.com, would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager viz. Hem Securities Limited and the Company dated June 15, 2010

All information shall be made available by the Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at collection centers or elsewhere.

CAUTION

The Issuer Company and the Lead Manager accepts no responsibility for the statements made otherwise than in this Prospectus or in the advertisement or in any other material issued by or at the instance of the Company and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risk.

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 majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized 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), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs registered with SEBI. This Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Prospectus comes into is required to inform himself 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 Prospectus has been filed with SEBI for observations and SEBI has given its observations and the final Prospectus has been filed with ROC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of

this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company i.e. Shekhawati Poly-Yarn Limited since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF IPO GRADING AGENCY – Credit Analysis and Research (CARE) Ltd

Credit Analysis and Research (CARE) Ltd IPO grading is a one-time assessment and the analysis draws heavily from the information provided by the Issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO Grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the Company; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

FILING

A copy of the Prospectus has been filed with the Corporation Finance Department of **SEBI** at- Plot No. C4/A, G - Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

A copy of the Prospectus is filed with the designated Stock Exchange
i.e. **Bombay Stock Exchange Limited**,
P. J. Towers, Dalal Street, Fort, Mumbai – 400 001.

National Stock Exchange of India Limited

Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051.

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been filed with the **Registrar of Companies**, Maharashtra situated at Everest House, 100 Marine Drive, Mumbai– 400 002.

LISTING

The Equity Shares to be issued through this Prospectus are proposed to be listed on BSE and NSE and listing application will be made to BSE and NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. Bombay Stock Exchange Ltd. will be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Prospectus and if such money is not repaid within eight days after the day from which our Company becomes liable to repay it, then our Company and every director of our Company who is an officer in default shall, on and from the expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.

Shekhawati Poly-Yarn Ltd has received in-principle approval from:

BSE vide its letter no. DCS/ IPO/ AKS/ IPO- IP/ 761/ 2010-11 dated August 11, 2010

NSE vide its letter no. NSE/ LIST/ 149487 - 8 dated October 18, 2010

The Company with the assistance of the Lead Manager shall ensure that all steps for the completion of necessary requirements for listing and commencement of trading at the Stock Exchanges mentioned above are taken within twelve days of closure of Issue.

CONSENTS

Consents in writing of the Board of Directors of our Company, Statutory Auditors of the Company, Company Secretary / Compliance Officer of the Company, Lead Manager to the Issue, Registrar to the Issue, Banker's to the Company, Legal Advisor to the Company to act in their respective capacities obtained and filed along with a copy of the Prospectus with the Registrar of the Companies, Maharashtra, Mumbai under Section 10 of the Companies Act, 1956 and such consents will not be withdrawn upto the time of delivery of the Prospectus for registration.

The Company has appointed HDFC Bank and IndusInd Bank as bankers to the issue. HDFC Bank will be the Refund Banker to the issue.

EXPERT OPINION

Our Company has not taken any expert's opinion for its proposed Project.

PUBLIC ISSUE EXPENSES

The expenses of this Issue which includes fees payable to the Lead Manager to the Issue, Registrars to the Issue, Legal Advisors to our Company, Auditors, Banker's charges, Printing and Stationery, Advertisement Expenses and all other incidental and miscellaneous expenses for listing of the Equity Shares on the Stock Exchanges. The total estimated expenses are Rs. 300.00 Lacs which is 8.32 % of the Issue size. The details of the expenses are as given below:

Sr. No.	Description	Rs. in Lacs	% of Total Issue Expenses	% of Total Issue Size
1	Lead Manager's Fees	72.00	24%	2%
2	Registrar's Fees	15.00	5%	0.4%
3	Financial & Legal Advisor's Fees	80.00	27%	2%
5	IPO Grading Expenses	10.00	3%	0.3%
6	Printing, Stationary, Postage and dispatch	25.00	9%	0.7%
7	Issue advertisement and Publicity expenses	30.00	10%	0.8%
8	Other Expenses including SEBI, BSE , NSDL CDSL etc.	46.00	15%	1.3%
9	Contingencies	22.00	7%	0.6%
	Total	300.00	100%	8.1%

The expenses for this Issue includes issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at Rs. 300.00 Lacs and will be met out of the proceeds of the present issue. The details of fee payable are estimated as follows:

Fees Payable to the Lead Manager

The total fees payable to the Lead Manager including for the Issue will be as per the Memorandum of Understanding executed between the Company and the Lead Manager dated June 15, 2010 copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between the Company and the Registrar to the Public Issue dated June 7, 2010, copy of which is available for inspection at the Registered Office of the Company. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

Fees Payable to the IPO Grading Agency

The total fees payable to the IPO Grading Agency for the Issue is as per the Engagement Letter between the Company and the IPO Grading Agency dated June 21, 2010 copy of which is available for inspection at the Registered Office of the Company.

Underwriting Commission

The present issue is not being underwritten and hence no underwriting commission is payable.

Brokerage and Selling Commission

The Brokerage for the Issue will be paid not more than 0.25% of the Issue Price of the Equity Shares by Shekhawati Poly-Yarn Limited on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the Broker column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over- stamping of Brokers / Agents codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter. The Company, at its sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by the Company.

Others

The total fees payable to the Legal Advisor, Auditor and Tax Auditor will be as per their respective engagement letters.

PREVIOUS ISSUE DETAILS

Our Company has not made any issue of equity shares to the public prior to the present Public Issue.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since its inception.

ISSUE OTHERWISE THAN FOR CASH

The Company has not issued any shares for consideration other than cash. However, our Company has issued 57,72,165 equity shares on 17th April, 2010 as Bonus Issue in the ratio of 7:2 through capitalization of Reserves during the last 5 years.

PROMISE VIS-À-VIS PERFORMANCE

Our Company has not made any issue of equity shares to the public prior to the present Public Issue.

COMPANIES UNDER THE SAME MANAGEMENT

There are no listed companies under the same management within the meaning of Section 370(1B) of the Act.

OUTSTANDING DEBENTURES, BONDS AND PREFERENCE SHARES

As of date, our Company does not have any outstanding Debentures, Bonds or Preference shares.

STOCK MARKET DATA FOR SHARES OF OUR COMPANY

The equity shares of our Company are not listed on any stock exchange.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least 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 the Issue for redressal of their grievances.

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

DISPOSAL OF INVESTORS' GRIEVANCES

Our Company or the Registrar to the Issue shall redress routine investor grievances within seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

The Board of Directors of SPYL has constituted a Shareholder/Investor Grievance Committee which, inter-alia, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes.

The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend, etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of SPYL.

Our Company assures that the Board of Directors in respect of the complaints, if any; to be received shall adhere to the following schedule:

Sr. No.	Nature of Complaints	Time Table for Redressal
1	Non-receipt of Refund	Within 7 working days of receipt of complaint subject to production of satisfactory evidence(s)
2	Non-receipt of Share Certificate / Demat Credit	Within 7 working days of receipt of complaint subject to production of satisfactory evidence(s)
3	Any other complaint w.r.t. the Issue	Within 7 working days of receipt of complaint with all relevant papers / evidence(s)

As of December 1, 2010, there were no investor complaints pending with/ against Shekhawati Poly-Yarn Limited.

Our Company has appointed Mr. Shivratan Agarwal, CFO and Compliance Officer of our Company, as Compliance Officer who would directly deal with SEBI with respect to implementation /compliance of various laws, regulations and other directives issued by SEBI and matters related to investor Complaints. The investor may contact the Compliance Officer in case of any pre issue/ post issue related problems. The Compliance Officer can be contacted at the following address:

SHEKHAWATI POLY-YARN LIMITED

2, Anantwadi, Vaidya Bhawan,
1st Floor, Bhuleshwar, Mumbai- 400 002
Tel. No.: 91-22- 3256 7126; **Fax No.:** 91-22-2875 5522
Email: shekhawati_ho@yahoo.co.in
Website: www.shekhawatiyarn.com

Changes in Auditors

There has been no change in the Auditors of the Company during the last three years.

Capitalization of Reserves or Profits (during the last five years)

Our Company has issued 57,72,165 equity shares on 17th April, 2010 as Bonus Issue in the ratio of 7:2 through capitalization of Reserves during the last 5 years.

Revaluation of Assets (during the last five years)

Our Company has not revalued its assets during the last five years.

SECTION IX – ISSUE RELATED INFORMATION

9.1 TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009 our Memorandum and Articles of Association, the terms of the Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of 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 Exchanges, the RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The present Initial Public Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on 20th April, 2010 and was approved by the Shareholders of the Company by passing Special Resolution at the Extraordinary General Meetings held on 14th May, 2010 and 11th June, 2010 in accordance with the provisions of Section 81(1A) of the Companies Act, 1956.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares having a Face Value of Rs. 10/- each are being offered in terms of this Prospectus at the price of Rs. 30/- per Equity Share. The Company in consultation with the Lead Manager believes that the issue price of Rs. 30/- per equity share i.e Equity Shares of the Face Value Rs. 10/- each at a Premium of Rs. 20/- per Share for the Public Issue is justified in view of the above parameters.

At any given time, there shall be only one denomination of Equity Shares.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation;
- Right of free transferability; and such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please refer to Section titled "Main Provisions of Articles of Association" beginning on Page No. 219 of this Prospectus.

MARKET LOT AND TRADING LOT

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, 2009 the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 200 Equity Shares to the successful investors.

Nomination Facility to Investor

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

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

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

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

Notwithstanding anything stated above, since the Allotment in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of ninety per cent of the offer through offer document on the date of closure of the issue, or if the subscription level falls below ninety per cent after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest as per section 73 of the Companies Act, 1956.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialized form only; the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer sub-heading "Main Provisions of the Articles of Association" appearing on Page No. 219 of this Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

Jurisdiction

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

9.2 ISSUE PROCEDURE

This section applies to all Applicants. Please note that all Applicants can participate in the Issue through the ASBA process. ASBA Applicants should note that the ASBA process involves application procedures that are different from the procedure applicable to Applicants other than the ASBA Applicants. Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form.

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010.

Fixed Price Issue Procedure

The Issue is being made under Regulation 26(1) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process. Applicants are required to submit their Applications to the Selected Branches / Offices of the Bankers to the Issue who shall duly submit to them the Registrar of the Issue. In case of QIB Applicant, the Company in consultation with the LM may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicant and Retail Individual Applicant, our Company would have a right to reject the Applications only on technical grounds.

All Applicants other than the ASBA Applicants are required to submit their Applications through the Bankers to the Issue. ASBA Applicants are required to submit their Applications to the SCSBs.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form. The Application Forms which do not have the details of the Applicants' depository account, including the DP ID Numbers and the beneficiary account number shall be treated as incomplete and rejected. Application Forms which do not have the details of the Applicants' PAN, (other than Applications made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchange. However, the investors / shareholders may get the specified securities rematerialized subsequent to allotment.

Application Form

Applicants (other than ASBA Applicants) are required to submit their Applications through the Bankers to the Issue. Such Applicants shall only use the specified Application Form bearing the stamp of the Bankers to the Issue for the purpose of making an Application in terms of the Prospectus. ASBA Applicants shall submit an ASBA Application Form either in physical or electronic form to the SCSB or the Designated Branches of the SCSBs authorizing blocking of funds that are available in the bank account specified in the ASBA Application Form only ("ASBA Account"). The ASBA Application Form will also be available on the websites of the Stock Exchanges at least one day prior to the Issue Opening Day. The LM and the SCSBs will provide the hyperlink to BSE or NSE websites on their websites.

The SCSBs shall block an amount equal to the Application Amount in the ASBA Account specified in the ASBA Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the 'Basis of Allocation' and consequent transfer of the Application Amount against the allocated Equity Shares to the Issue Account, or until withdrawal/failure of Allocation' is finalized, the Registrar to the Issue shall send an appropriate

request to the Controlling Branch of the concerned SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Applicants to the Issue Account. In case of withdrawal/failure of this Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Upon completion and submission of the Application Form to the Bankers to the Issue/SCSBs/Designated Branches, the Applicant or the ASBA Applicant is deemed to have authorized the Company to make the necessary changes in the Prospectus 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 Applicants or the ASBA Applicants.

The prescribed colour of the Application Form for various categories is as follows:

Category	Colour of Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as non ASBA Applicants)	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non ASBA Applicants)	Blue

Who can Apply?

- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Applicants category.
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- National Investment Fund;
- Insurance funds set up and managed by army, navy or air force of the Union of India; and
- Persons otherwise eligible to invest under all applicable laws, rules, regulations and guidelines.

Applications not to be made by:

- Minors
- Partnership firms or their nominees
- Foreign Nationals (except NRIs)
- Overseas Corporate Bodies

Participation by Associates of LM

The LM shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the LM may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, LM to the Issue, Registrar to the Issue and the collection Centres of the Bankers to the Issue, as mentioned in the Application Form.

Option to subscribe in the Issue

- Investors will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.
- The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
- A single application from any investor shall not exceed the investment limit/maximum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

Application by Indian Public including eligible NRI's applying on Non-Repatriation

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents (except for those applying on non-repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.

An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made. In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly Indicate the scheme concerned for which the Application has been made.

Applications by Insurance Companies

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Provident Funds / Pension Fund

In case of Applications made by provident funds / pension fund with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crores, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Eligible NRIs/FII's/FVCF's on Repatriation Basis

Application Forms have been made available for Eligible NRIs at our Registered Office, Bankers to the Issue and the Registrar to the Issue.

Applications and revision to Applications must be made in the following manner:

1. On the Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. Applications on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Eligible NRI Applicant may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Applications by Eligible NRIs for an Application Amount of up to Rs. 2,00,000/- would be considered under the Retail Portion for the purposes of allocation and Application for an Application Amount of more than Rs. 2,00,000/- would be considered under Non-Institutional Portion for the purposes of allocation.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 2,20,02181 Equity Shares). 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 our total issued capital in case such sub-account is a foreign corporate or an individual.

In accordance with the foreign investment limits, the aggregate FII holding in our company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub-account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority;

and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of LM and the Bankers to the Issue that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation or claim or claim on or an interest in the Company.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the rate of exchange prevailing at the time of remittance and net of bank charges and/or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. Our Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

The above information is given for the benefit of the Applicant. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of filing of this Prospectus. Applicant are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

MAXIMUM AND MINIMUM APPLICATION SIZE

a. For Retail Individual Applicant:

The Application must be for a minimum of 200 Equity Shares and in multiples of 200 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000.

(b) For Other Applicant (Non-Institutional Applicant and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 and in multiples of 200 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay the full Application Amount upon submission of the Application.

Applicant are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

Applications under Power of Attorney

In case of Applications 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- a. In case of Applications 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.
- b. In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserve the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.
- c. In case of Applications 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.
- d. In case of Applications made by provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crores, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof. The Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that the Company and the LM may deem fit.

Information for the Applicant:

- Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- The LM will circulate copies of the Prospectus along with the Application Form to potential investors. The SCSBs shall ensure that a copy of the Prospectus is made available on their websites.
- Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our registered office or from the corporate office of the LM or from any of the Bankers to the Issue.
- Applicants who are interested in subscribing for the Equity Shares should approach the LM or the Bankers to the Issue or their authorized agent(s) to register their Applications. Applicants who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Applications.
- Applications made in the Name of Minors and/or their nominees shall not be accepted.
- The Applications should be submitted on the prescribed Application Form only. Application Forms (other than ASBA Application Form) should bear the stamp of the Bankers to the Issue. Application Forms, which do not bear the stamp of the Bankers to the Issue, will be rejected. Applications by ASBA Applicant shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Applicants

- applying through the ASBA process also have an option to submit the ASBA Application Form in electronic form, which will also be available on the websites of the Stock Exchanges at least one day prior to the Issue Opening Date.
- Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

Instructions for Completing the Application Form

Applications must be:

- a. Made only in the prescribed Application Form or Revision Form, as applicable.
- b. Completed in full, in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form or in the Revision Form. Applications/Revisions not so made are liable to be rejected. Application Forms should bear the stamp of the LM. Application Forms, which do not bear the stamp of the LM will be rejected. Applicants should note that the Bankers to the Issue and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms or Revision Forms.
- c. For Retail Individual Applicants, the Application must be for a minimum of 200 Equity Shares and in multiples of 200 thereafter subject to a maximum Application Amount of Rs. 2,00,000.
- d. For Non-Institutional Applicants and QIB Applicants, Applications must be for a minimum of such number of Equity Shares that the Application Amount exceeds or equal to Rs. 2,00,000 and in multiples of 200 Equity Shares thereafter. Applications cannot be made for more than the Issue. Applicants are advised to ensure that a single Application 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.
- e. Eligible NRIs applying at a Application Price of up to Rs. 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Applications for an Application Price of more than Rs. 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.
- f. Applications by Eligible NRIs, FIIs, eligible/permitted Sub-Accounts etc. on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.
- g. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE or FCNR accounts, as the case may be, details of which should be furnished in the space provided for this purpose in the Application Form. Our Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.
- h. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- i. 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.

Applicant residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai only payable to "SHEKHAWATI POLY-YARN LIMITED – Public Issue" to the Registrar, in this case being Sharex Dynamic (India) Pvt. Ltd.

Applicant's PAN, Depository Account and Bank Account Details

Applicant should note that on the basis of PAN of the Applicant, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicant bank account details, MICR

code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicant or unblocking of ASBA Account. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds, unblocking of ASBA accounts, to Applicant at the Applicant sole risk and neither the LM or the Registrar or the Collection Banks or the SCSBs nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicant should carefully fill in their Depository Account details in the Application Form.

IT IS MANDATORY FOR ALL THE APPLICANTS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE 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 APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Applicant including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

Refunds

In case of Applicant receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicant sole risk and neither the Company, the Registrar, Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, PAN of the Applicant (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected. The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicant 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 Applicant so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

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

Basis of Allotment

Allotment will be made in consultation with the BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over-subscription ratio (number of Applicant in the category x number of Shares applied for).
- b) The number of Shares to be allocated to the successful Applicant will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio). For applications where the proportionate allotment works out to less than 200 equity shares the allotment will be made as follows:
 - o each successful applicant shall be allotted 200 equity shares; and
 - o the successful Applicant out of the total Applicant for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- c) If the proportionate allotment to an applicant works out to a number that is not a multiple of 200 equity shares, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of 200 equity shares.

- d) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Applicant in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Applicant in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of Applicant applying for the minimum number of Shares g. If as a result of the process of rounding off to the nearest integer, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.
- e) The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual Applicant as described below:
- o A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - o The balance net offer of shares to the public shall be made available for allotment to individual Applicant other than retails individual investors and other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - o The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to Applicant in the other category, if so required.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-.

Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. The drawal 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.

- f) The Executive Director / Managing Director of the Designated Stock Exchange in addition to LM and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

TERMS OF PAYMENT / PAYMENT INSTRUCTIONS

The entire issue price of Rs. 30/- per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicant

Payment Procedure for Applicants other than ASBA Applicants

The Company and the LM shall open Public Issue Accounts with one or more Collection Bank(s) in whose favour the Applicants shall make out the cheque or demand draft in respect of his or her Application. Cheques or demand drafts received for the full Application Amount from Applicants in a certain category would be deposited in the Public Issue Account.

The Collection Banks will act in terms of the Prospectus and the Agreement entered with the Bankers to the Issue. The Collection Bank (s) for and on behalf of the Applicant shall maintain the monies in the Public Issue Account. The Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants.

After the Closure of the Issue and upon allotment of shares, the Collection Bank(s) shall transfer the balance funds to the Refund Account. Payments of refund to the Applicants shall also be made from the Refund Account as per the terms of the Agreement and the Prospectus.

The Applicant should note that the mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the LM, the Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Applicants.

Each Applicant shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the allocation/Allotment as per the following terms:

Payment into Account for Applicants other than ASBA Applicants

1. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.
2. Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Public Issue Account and submit the same to the Bankers to the Issue. If the payment is not made favouring the Public Issue Account along with the Application Form, the Application of the Applicant shall be rejected.
3. The payment instruments for payment into the Public Issue Account should be drawn in favour of:
 - (a) In case of Resident QIB Buyers: "SHEKHAWATI POLY-YARN LIMITED– Public Issue – QIB – R"
 - (b) In case of Non Resident QIB Buyers: "SHEKHAWATI POLY-YARN LIMITED – Public Issue – QIB – NR"
 - (c) In case of Resident Retail and Non-Institutional Buyers: "SHEKHAWATI POLY-YARN LIMITED – Public Issue –R"
 - (d) In case of Non-Resident Retail and Non-Institutional Applicants: "SHEKHAWATI POLY-YARN LIMITED – Public Issue –NR"
4. In case of Applications by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Applicant applying on a non-repatriation basis. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non- Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Applications by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account.
5. In case of Application by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
6. The monies deposited in the Public Issue Account will be held for the benefit of the Applicants.
7. On the Designated Date, the Collection Banks shall transfer the funds from the Public Issue Account as per the terms of the Agreement into the Public Issue Account with the Bankers to the Issue.
8. On the Designated Date and no later than 10 days from the Issue Closing Date, the Collection Bank shall also refund all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also the excess amount paid on Application, if any, after adjusting for allocation/Allotment to the Applicants.
9. Payments should be made by cheque, or demand draft drawn on any Bank (including a Cooperative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

The ASBA Applicants shall specify the bank account number in the ASBA Application Form and the SCSB shall block an amount equivalent to the Application Amount in the bank account specified in the ASBA Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Application or receipt of instructions from the Registrar to unblock the Application Amount. In the event of withdrawal or rejection of the ASBA Application Form or for unsuccessful ASBA Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be.

Payment by Stock invest

In terms of the Reserve Bank of India Circular Numbers DBOD Numbers FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Submission of Application Form

All Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Bankers to the Issue at the time of submission of the Application. With respect to the ASBA Applicants, the ASBA Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Application Form or Revision Form. However, the collection centre of the Bankers to the Issue will acknowledge the receipt of the Application Forms or Revision Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Prospectus;
2. Read all the instructions carefully and complete the applicable Application Form;
3. Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
4. Ensure that the Applications that submitted are forms bearing the stamp of the LM;
5. Each of the Applicant should mention their Permanent Account Number (PAN) allotted under the IT Act;
6. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
7. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.

Don'ts:

1. Do not apply for lower than the minimum Application size;
2. Do not apply at a Price different from the Price mentioned herein or in the Application Form;
3. Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
4. Do not pay the Application Amount in cash, by money order or by postal order or by stock invest;
5. Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue. Do not submit the Application without the full Application Amount through the Application Form;
6. Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
8. Do not apply for Allotment of shares in physical form.

Additional Instructions for ASBA Applicants only**Do's:**

- a. Ensure that you use the ASBA Form specified for the purposes of ASBA.
- b. Read all the instructions carefully and complete the ASBA Form.
- c. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialized form only.
- d. Ensure that your ASBA Form is submitted at a Designated Branch, with a branch of which the ASBA Applicant or a person whose bank account will be utilized by the ASBA Applicant for applying has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or the Registrar to the Issue or the LM.
- e. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.
- f. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
- g. Ensure that you have funds equal to the number of Equity Shares applied for in your ASBA Account before submitting the ASBA Form to the respective Designated Branch.
- h. Ensure that you have correctly checked the authorization box in the ASBA Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Application Amount mentioned in the ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
- i. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.
- j. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

Don'ts:

- a. Do not apply on another ASBA Form or on a Application Form after you have submitted an ASBA Application to a Designated Branch.
- b. Payment of Application Amounts in any mode other than blocked amounts in the ASBA Accounts shall not be accepted under ASBA.
- c. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

After applying on an ASBA Application Form either in physical or electronic mode, where such ASBA Application has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, an ASBA Applicant cannot apply, either in physical or electronic mode, on another ASBA Application Form or a Application Form. Submission of a second application form, whether an ASBA Application Form, to either the same or to another Designated Branch of the SCSB, or a Application Form to the Bankers to the Issue, will be treated as multiple Applications and will be liable to be rejected either before entering the Applications into the electronic application system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the ASBA Applications can revise the Application through the Revision Form.

More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Application Forms from such ASBA Applicants with respect to any single ASBA Account.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories. A check would be carried out for the same PAN, in cases where the PAN is same; such Applications would be treated as multiple Applications.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected.

It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

RIGHT TO REJECT APPLICATIONS

In case of QIB Applicant, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicant, Retail Individual Applicant who applied, the Company has a right to reject Applications based on technical grounds.

With respect to ASBA Applications, the Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Application by the SCSB, the Company would have a right to reject the ASBA Application only on technical grounds.

Consequent refunds shall be made as described in the Prospectus and will be sent to the Applicant's address at the Applicant's risk.

GROUND FOR TECHNICAL REJECTIONS

- Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:
- Amount paid does not tally with the amount payable for the value of Equity Shares applied for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 200;
- Category not ticked;
- Multiple Applications as defined in this Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash; Signature of sole and/ or joint Applicant is missing. With respect to ASBA Applications, the

- ASBA Application form not being signed by the account holders, if the account holder is different from the Applicant;
- Submission of more than five ASBA Application Forms per bank account;
- Multiple Applications as defined in this Prospectus;
- Application Forms does not have Applicant's depository account details;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms,
- Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicant (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Public Issue Account as per the final certificate from the Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulations or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole/ joint Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by QIBs not submitted through the LM or their affiliates or in case of ASBA Applications for QIBs not intimated to the LM;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;

Signing of Underwriting Agreement and RoC Filing

The issue is not underwritten and therefore the Company has not signed any underwriting agreement

Filing of the Prospectus with the ROC

The Company will file a copy of the Prospectus with the RoC in terms of Section 56 and Section 60 of the Companies Act

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering the Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one Bengali newspaper with wide circulation.

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

1. Upon approval of the basis of Allotment by the Designated Stock Exchange, the LM or the Registrar to the Issue shall send to the Bankers to the Issue a list of their Applicants who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Applicants may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Applicants. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date;
2. The LM or Bankers to the Issue will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant to pay the entire Issue Price for all the Equity Shares allocated to such Applicant. Those Applicants who have not paid the entire Application Amount into the Public Issue Account at the time of application shall pay in full the amount payable into the Public Issue Account by the Pay-in Date specified in the CAN;
3. Applicants who have been allocated/allotted Equity Shares and who have already paid the Application Amount into the Public Issue Account at the time of application shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of his or her cheque or demand draft paid into the Public Issue Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant to pay the entire Issue Price for the Allotment to such Applicant.

Issuance of CAN with respect to ASBA Applicants

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Applicants who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA;
- The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
- The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn (except in case of QIB applying through an ASBA Form) or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts.

ASBA Applicants should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and

The ASBA Applicants shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Applicant shall be deemed a valid, binding and irrevocable contract with the ASBA Applicant.

Allotment of Equity Shares

The Company will ensure that the Allotment of Equity Shares is done within 10 working days of the Issue Closing Date, the Company would ensure the credit to the successful Applicant depository account. Allotment of the Equity Shares to the Applicants shall be within two working days of the date of Allotment. In accordance with the SEBI Regulations, Equity Shares will be issued, and Allotment shall be made only in the dematerialized form to the Applicants. Applicants will have the option to re-materialize 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 allocated/ Allotted to them pursuant to this Issue.

PAYMENT OF REFUND

Applicant (other than ASBA Applicants) must note that on the basis of name of the Applicant, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicant's bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicant's sole risk and neither the Company, the Registrar, Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

Mode of making refunds for Applicants other than ASBA Applicants

The payment of refund, if any, for Applicants other than ASBA Applicants would be done through various modes as given hereunder:

1. **NECS** – Payment of refund would be done through NECS for Applicant having an account at any of the centres where such facility has been made available. 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 Applicant having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **Direct Credit** – Applicant having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. **RTGS** – Applicant having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 50.00 Lacs, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Applicant.
4. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant's 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 Applicant 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 Applicant 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.
5. For all other Applicant, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicant.

Mode of making refunds for ASBA Applicants

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the ASBA Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 9 working days from the Issue Closing Date.

Letters of Allotment or Refund Orders or instructions to SCSBs

The Company shall give credit to the beneficiary account with depository participants within two working Days from the date of the finalization of basis of allocation. Applicant residing at centres where clearing houses are managed by the RBI and other banks, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS.

The Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Applicant's sole risk within 10 days of the Issue Closing Date. Applicant to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 10 days of the Issue Closing Date.

In case of ASBA Applicants, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the ASBA Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 8 working days of the Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicant who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within ten working days of date of the Issue Closing Date.

In case of Applicant who receives refund through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 10 days from the Issue Closing Date. A suitable communication shall be sent to the Applicant

receiving refunds through this mode within 10 days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at BSE where the Equity Shares are proposed to be listed are taken within 12 working days of Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- a. Allotment of Equity Shares shall be made only in dematerialized form within 10 (ten) working days from the Issue Closing Date;
- b. With respect to Applicants other than ASBA Applicants, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 10(ten) working days from the Issue Closing Date would be ensured. With respect to the ASBA Applicants, instructions for unblocking of the ASBA Applicant's Bank Account shall be made within 12 working days from the Issue Closing Date; and
- c. The Company shall pay interest at 15% p.a. for any delay beyond the 10 (ten) working days from the Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 8 (eight) working days time prescribed above.

UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by us expeditiously;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 working days of the Issue Closing Date;
3. That funds required for making refunds to unsuccessful Applicant as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 10 working days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time; and
6. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time;
7. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc.
8. The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

Utilization of Issue Proceeds

Our Board certifies that:

1. All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
3. Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

The Board of Directors further certifies that:

- The utilisation of monies received under Promoter Contribution shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilized; and
- The details of all unutilised monies out of the funds received under Promoter Contribution and the shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutilised monies have been invested.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the LM reserves the right not to proceed with the Issue at any time, including after the Issue Closing Date but before the Allotment of Equity Shares. In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Issue Closing Date, providing reasons for not proceeding with the Issue. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, QIB Applicant shall not be allowed to withdraw their Application after the Issue Closing Date.

EQUITY SHARES IN DEMATERIALIZED 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 de-materialized 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 the Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated July 01, 2010 between NSDL, the Company and the Registrar to the Issue;
- Agreement dated July 06, 2010 between CDSL, the Company and the Registrar to the Issue

All Applicants can seek allotment only in dematerialized mode. Applications from any Applicant without relevant details of his or her depository account are liable to be rejected.

An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.

The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.

Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.

Names in the 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.

If incomplete or incorrect details are given under the heading 'Applicant Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.

The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.

The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicant Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted or the Designated Branch of the SCSBs where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip or with respect to ASBA Application, bank account number in which the amount equivalent to the Application Amount was blocked.

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. In case of ASBA Applications submitted to the Designated Branches of the SCSBs, the Applicants can contact the Designated Branches of the SCSBs.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

By way of Circular Numbers 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the regulations / guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (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 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 are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulations under 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 applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicant. The Company and the LM'S are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicant are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

SECTION X: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE AOA

MAIN PROVISION OF ARTICLES OF ASSOCIATION OF THE ISSUER COMPANY

Sr. No.	Details / Particulars
	CAPITAL AND INCREASE AND REDUCTION OF CAPITAL
2	<p>Authorized Share Capital</p> <p>(a) The Authorized share capital of the Company shall be as per Clause V (A) of the Memorandum of Association of the Company. The Company shall have the power to increase or decrease the share capital subject to the provisions of the Companies Act, 1956.</p> <p>(b) The paid up capital of the Company shall be minimum of Rs.5, 00,000/- (Five Lacs Only).</p>
3	<p>Allotment of Shares</p> <p>Subject to the provisions of these Articles the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on terms and conditions, and at such time, as the Board think fit and, if so authorized by the company in General Meeting give to any person the call of any shares either at par or at a premium and for such time and for such consideration as the Board may think fit. Provided that where at any time (subsequent to the first allotment of shares) it is proposed to increase the subscribed capital of the Company by the issue of new shares, then, subject to any directions to the Contrary which may be given by the Company in General Meeting, the Board shall issue shares in the manner set out in the Section 81(1) of the Act.</p>
4	<p>Return of Allotments</p> <p>As regards all allotments made from time to time the Company shall duly comply with Section 75 of the Act.</p>
5	<p>Preference Shares</p> <p>Subject to the provisions of Section 80, any preference shares may, with the sanction of ordinary resolution, be issued on the terms that they are or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine.</p>
6	<p>Buy Back of its own shares</p> <p>Subject to the provisions of the section 77 A of the Companies Act, 1956 including amendment or re-enactment thereof and other applicable provision of the Companies Act, 1956 and rules made there under, the company shall have the power to purchase its own securities from time to time.</p>
7	<p>Issue of Sweat Equity</p> <p>Subject to the provisions of the section 79A of the Companies Act, 1956 including amendment or re-enactment thereof and other applicable provision of the Companies Act, 1956 and rules made there under, the company shall have the power to issue sweat equity shares to any class or classes of employees or directors as it may deem expedient and proper.</p>

8	<p>Commission and Brokerage</p> <p>(1) The Company may exercise the powers of paying commissions conferred by Section 76 provided that the rate per cent, or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section.</p> <p>(2) The rate of the commission shall not exceed the rate five percent of the price at which the shares in respect where of the same is paid the issued or any amount equal to five percent of such price, as the case may be.</p> <p>(3) The commission may be satisfied by the payment of cash or the allotment of fully or partly said shares or partly in the one way and partly in the other.</p> <p>(4) The company may also, on any issue of shares, pay such brokerage as may be lawful.</p>
9	<p>Shares at a Discount</p> <p>With the previous authority of the Company in General Meeting and the sanction of the Company Law Board and upon otherwise complying with section 79 of the Act the Board may issue a discount shares of a class already issued.</p>
10	<p>Installments on Shares to be duly paid</p> <p>If by the condition of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, every such installment shall, when due, paid to the company by the person who for the time being shall be the registered holder of the share or by his executor or administrator.</p>
11	<p>Liability of joint holders of shares</p> <p>The joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares.</p>
12	<p>Trust not recognized</p> <p>Except as required by law, no person shall be recognised by the Company as holding any share upon any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect any share except an absolute right to be entirety thereof in the registered holder.</p>
13	<p>Who may be registered</p> <p>Shares may be registered in the name of any person, company or other body corporate, not more than four persons shall be registered as joint-holders of any share.</p>
14	<p>Certificates</p> <p>The certificate of title to shares and duplicate thereof when necessary shall be issued under the seal of the Company and signed by two Directors and the Secretary of the Company or some other person appointed by the Directors.</p>

15	<p>Members right to certificate</p> <p>Every member shall be entitled free of charge to one certificate for all the shares of each class registered in his name or if any members so wishes to several certificates each for one or more of such share but in respect of each additional certificate, which does not comprise shares in lots of the market unit of trading, the Board may charge a fee of Rs.2/- or such less sum as it may determine. Unless the conditions of issue of any shares otherwise provide. The company shall, either within three months after the date of allotment and on surrender to the company of its letter making the allotment or it its fractional coupons or requisite value (save in the case of issue against letter or acceptance of renunciation or in case of issue of bonus shares) or within two months or receipt of the application for registration of the transfer, subdivision, consolidation or renewal of any of its shares, as the case may be complete and have ready for delivery the certificates of such shares in respect of any shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders. For every certificate issued in replacement of an existing certificate save for those which are issued on a splitting or consideration or share certificates into loss of the market unit of which are old, decrepit, worn out or where the cages on the reverse for recording transfers have been fully utilized and for every other duplicate certificate the Board may charge a fee of Rs.2/- or such smaller sum together with such out of pocket expenses incurred by the Company in investigating evidence as it may determine,</p>
16	<p>As to issue of new certificate in place of one defaced, lost or destroyed</p> <p>The issue of share certificate and duplicates and the issue of new share certificates on consolidation or sub-division or in replacement of share certificates which are surrendered for cancellation due to their being defaced, torn, old decrepit, or worn out or the cages for recording transfers having been utilized or of share certificate which are lost or destroyed shall be in accordance with the provisions of the companies (issue of Share Certificate) Rules, 1960, or any statutory modification of or reenactment thereof. In any share certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board and on in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate.</p>
17	<p>Dematerialization of Securities</p> <p>Notwithstanding anything contained in these Articles, the company shall be entitled to de-materialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.</p>
18 to 20	<p>Options for Investors</p> <p>(18) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any securities in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.</p> <p>(19) If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.</p> <p>(20) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of all the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.</p>

21	<p>Rights of depositories and beneficial owners</p> <p>Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.</p> <p>Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.</p>
22	<p>Service of documents</p> <p>Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be depository of the Company by means of electronic made or by delivery of floppies of discs.</p>
23	<p>Transfer of Securities</p> <p>Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.</p>
24	<p>Allotment of securities dealt with in a depository</p> <p>Nothing contained in the Act or these Articles, where securities are dealt with in a depository, the company shall intimate the details of allotment of securities to the depository immediately on allotment of such securities.</p>
25	<p>Distinctive numbers of Securities held in a depository</p> <p>Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.</p>
26	<p>Register and Index of beneficial owners</p> <p>The Register and Index of beneficial owners maintained by the depository under the Depositories Act, 1996, shall be deemed to the Register and Index of Members and Securities holder of the purpose of these Articles.</p>
27	<p>Calls</p> <p>The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provision of Section 91 of the Act, make such calls as the Board think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed.</p>

28	<p>When interest on call or installment payable</p> <p>If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for time being of the share in respect of which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of 12 per cent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.</p>
29	<p>Amount payable at fixed times or payable by installments as calls</p> <p>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 items, whether on account of the amount of the share or by way or premium every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount of installment accordingly.</p>
30	<p>Evidence in actions by Company against share holders</p> <p>On the trial or hearing of any action or suit brought by the Company against any Shareholder or his representatives to recover any debt or money claimed the due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was when the claimed arose on the Register as a holder, or one of the holders, of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.</p>
31	<p>Payment of calls in advance</p> <p>The Board may, if they think fit, receive from any member willing to advance the same, all or any part of the shares held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate not exceeding 6 per cent per annum as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of calls shall not rank for dividends. The Board may at any time repay the amount so advanced upon giving to such member not less than three month's notice in writing.</p>
32	<p>Revocation of call</p> <p>A call may be revoked or postponed at the direction of the Board.</p>
33	<p><i>If call or installment not paid notice may be given</i></p> <p>If any member fails to pay any call or installment on or before the day appointed for the payment for the same the Board may at any time there after during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non-payment.</p>

34	<p>Form of Notice</p> <p>The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.</p>
35	<p>If notice not complied with shares may be forfeited</p> <p>If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.</p>
36	<p>Notice after forfeiture</p> <p>When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name is stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.</p>
37	<p>Forfeiture shares to become property of the Company</p> <p>Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as they think fit.</p>
38	<p>Power to annul forfeiture</p> <p>The Board 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 condition as they think fit.</p>
39	<p>Liability on forfeiture</p> <p>A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or 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 forfeiture until payment, at 12 per cent per annum and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.</p>
40	<p>Evidence of forfeiture</p> <p>A duly verified declaration in writing that the declarant is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title for the shares on the sale or disposition thereof shall constitute a good title to such shares, and the person to whom the shares are sold shall be registered as the holder of such shares and the person to whom the shares are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.</p>

41	<p>Company's lien on shares</p> <p>To company shall have a first and paramount lien upon all the shares not being fully paid up registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such shares whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect or such shares. Unless otherwise agreed, the registration of a transfer or shares shall operate as a waiver of the Company's lien, if any, on such shares.</p>
42	<p>As to enforcing lien by sale</p> <p>For the purpose or enforcing such lien the Board may sell the shares subject thereto such manner as they fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing or the intention to sell have been served on such member, his executor or administrator or his committee, curator bonus or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable or payable at a fixed time in respect or such shares for days after the date of such notice.</p>
43	<p>Application of proceeds of sale</p> <p>The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the line exists as is presently payable, and the residue. If any, shall (subject to a like for sum not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.</p>
44	<p>Validity of sales in exercise of lien and after forfeiture</p> <p>Upon any sale after forfeiture or for enacting a lien in purported exercise of the powers herein before 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 in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered the remedy of any person aggrieved by the sale be in damages only against the Company exclusively. in the Register in respect of such the validity of the sale shall not be impeached by any person, and</p>
45	<p>Board may issue new certificates</p> <p>Where any shares under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.</p>
46	<p style="text-align: center;">TRANSFER AND TRANSMISSION</p> <p>In that case Board may refuse to register transfer</p> <p>The Board shall not refuse to register any properly executed transfer of shares on which company has no lien and in the case of a share not fully paid up, may refuse to register a transfer to a transferee of whom the board does not approve. Provided that registration of a transfer being either alone or jointly with any other person or persons indebted to the company on any account whatsoever.</p>

47	<p>Execution of transfer etc.</p> <p>Save as provided in section 108 of the Act, on transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or no behalf of the transferee has been delivered to the Company together with the certificate or if no such certificate is in existence the letter of Allotment of the shares. The instrument of transfer of any shares shall specify the name, address, and occupation (if any) both of the transferor and of the transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one witness who shall add his address and occupation.</p>
48	<p><u>Application by transferor</u></p> <p>Application for the registration of the transfer of a share may be made either by the transferor of the transferee, provided that, where such application is made by the transfer no registration shall in the case of partly paid shares be effected unless the company give notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of the Articles the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.</p>
49	<p>Form of transfer</p> <p>The instrument of transfer shall be in the form prescribed by the Act.</p>
50	<p>No transfer to infant etc.</p> <p>No transfer shall be made to an infant or person of unsound mind.</p>
51	<p>Transfer to be left at office when to be retained</p> <p>Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the shares to be transferred, or if no such certificate is in existence, by the Letter of Allotment of the shares and such other evidence as the Board may require to prove the title of the transfer or his right to transfer the shares. All instrument of transfer which shall the be registered shall be retained by the Company, but any instrument of transfer which the Board may decline to register shall be returned to the person depositing the same.</p>
52	<p><u>Notice of refusal to register transfer</u></p> <p>If the Board refuses to register the transfer of any shares, the Company shall within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.</p>
53	<p>Fee on registration of transfer, probate etc.</p> <p>No fee shall be charged for the registration of any transfer, grant or probate or letters of administration, certificate of death or marriage, power of attorney or other instruments.</p>

54	<p>As to transfer of shares of insane, infant, deceased or bankrupt members</p> <p>The executor or administrator of a deceased member (not being one of several joint-holders) shall be the only person recognized by the Company as having any title to the shares registered in the name of such member, and in case of death of any one or more of the joint-holders of any registered shares, the survivor shall be the only person recognized by the Company as having any title to or interest in such shares, but nothing here in contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognizing any executor or administrator the Board may require him to obtain a grant of Probate or Letters of Administration or other legal representation as the case may be, from some competent Court in India and having effect in Maharashtra. Provided nevertheless that in any case where the Board in their absolute discretion think fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in their absolute discretion, may consider adequate.</p>
55	<p>Transmission of registered shares</p> <p>Any person becoming entitled to or to transfer shares in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that the sustains the character in respect of which he proposes to act under this Article or of his title as Board think sufficient may, with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such shares, or may, subject to the regulations as to transfer herein before contained, transfer such shares. This Article is hereinafter referred to as "The Transmission Article".</p>
56	<p>Election under the Transmission Article</p> <p>(1) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the shares himself, he shall deliver or send to Company a notice in writing signed by him stating that he so elects.</p> <p>(2) If the person aforesaid shall elect to transfer the shares, he shall satisfy his election by executing an instrument of transfer of the shares.</p> <p>(3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and notice or Transfer were a transfer signed by that member.</p>
57	<p>Rights of persons entitled to shares under the Transmission Article</p> <p>A person so becoming entitled under the Transmission Article to share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 79 and of Section 206 of the Act, be entitled to the same dividends and other advantages to which they would be entitled if he were the registered holder of the shares.</p> <p>Provided that the Board may at any time give notice require in any such person to elect either to be registered himself or to transfer the shares, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares, until the requirements of the notice have been complied with.</p>
58	<p>Increase of Capital by the Company and how carried into effect</p> <p>The Company in General Meeting may from time to time increase the capital by the creation of new shares of such amount as may be deemed expedient.</p>

59	<p>On what conditions new shares may be issued</p> <p>Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued the new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Board shall determine, 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.</p>
60	<p>Provisions relating to the issue</p> <p>Before the issue of any new shares, Company in General Meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or, subject to the provisions of Section 79 of the Act, at a discount, in default of any such provision, or so far as the same shall not extend, the new shares may be dealt with as if they formed part of the shares in the Original Capital, and the provision of Article of shall them apply.</p>
61	<p>How far new shares to rank with shares in original capital</p> <p>Except so far as otherwise provided by the conditions of issue of by these presents, any capital raised by the creation of new shares shall be considered part of the Original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installment, transfer and transmission, forfeiture, lien and otherwise.</p>
62	<p>Inequality in number of new shares</p> <p>If, owing to and inequality in the number of new shares to be issued, and the number of shares held by members entitled to have offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members. Such difficulty shall in the absence of any direction in the resolution creation the shares by the Company in General Meeting be determined by the Board.</p>
63	<p>Reduction of capital etc.</p> <p>The Company may from time to time by Special Resolution reduce its capital and capital redemption reserve fund or shares premium account in any manner and with and subject to any incident authorization and consent required by law.</p>
64	<p>Power to sub-divide and consolidate shares</p> <p>The Company in General Meeting may:-</p> <ol style="list-style-type: none"> Consolidate and divide all or any of its shares capital into shares or larger amount than its existing shares; Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so however. That in the sub-division the proportion between the amount paid and the paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share form which the reduced share is derived Cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by the person and diminish the amount of its share capital by the amount of the shares so cancelled. Convert any fully paid up shares into stock and reconvert any stock into fully paid up shares of any denominations.

65	<p><i>Sub-division into Preferred and Ordinary</i></p> <p>The resolution whereby any shares is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other subject, nevertheless, to the provisions of Section 87, 88 and 106 of the Act.</p>
66	<p>Surrender of shares</p> <p>Subject to the provisions of Section 100 to 105 inclusive of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.</p>
67	<p>Power to modify rights</p> <p>(1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 106 and 107, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.</p> <p>(2) To every such separate general meeting the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.</p>
68	<p>Power to borrow</p> <p>The Board may from time to time, at their discretion subject to the provisions of Section 58A, 292, 293 and 370 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum of sums of money for the purposes of the Company.</p>
69	<p>Conditions on which money may be borrowed</p> <p>The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.</p>
GENERAL MEETINGS	
73	<p>When Annual General Meetings to be held</p> <p>In addition to any other meeting, general meetings of the Company shall be held within such intervals as are specified in section 166(1) of the Act and subject to the provisions of section 166(2) of the Act at such times and place as may be determined by the Board. Such general meetings shall be called "annual general" meetings and shall be specified as such in the notice convening the meeting. All other meetings of the Company shall be carried "extraordinary general meetings".</p>

74	<p>When Extra Ordinary Meetings to be called</p> <p>The Board may whenever they think fit call an extraordinary general meeting, and they shall on the requisition of such member of number as they hold, at the date of the deposit of the Company as at that date carried the right of voting in regard to the matter to be considered at the meeting, forthwith proceed to call an extraordinary general meeting and in the case of such requisition the following provisions shall apply:-</p> <p>(1) The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the office. The requisition may consist of several documents in liked form each signed by one or more requisitionists.</p> <p>(2) Where two or more distinct matters are specified in the requisition, the requisition shall be valid by in respect of these matters in regard to which the requisition has been signed by the member or members hereinbefore specified.</p> <p>(3) If the Board does not, within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of these matters on a day not later than forty-five days from the date of deposit the requisitionists or such of them as are enabled so to do by virtue of Section 169(6) of the Act may themselves call the meeting but any meeting so called shall not be commenced after three months from the date of deposit.</p> <p>(4) Any meeting called under this Article by the requisitionists as shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board but shall be held at the office.</p> <p>(5) Where two or more persons held any shares jointly a requisition or notice calling a meeting signed by one or some only of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.</p> <p>(6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sum due or so become due from the Company by way of fees or other remuneration for their services to such of the Directors as are in default.</p>
75	<p><i>Circulation of members resolutions</i></p> <p>The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.</p>
	<p>Notice of Meeting</p>
76	<p>Save as provided in sub-section (2) of section 171 of the Act not less than twenty-one day's notice shall be given of every general meeting of the Company, every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business as to be transacted there at, where any such business consists of "special business" as hereinafter defined there shall be annexed to the notice a statement complying with section 173(2) and (3) of the Act. However a general meeting may be called after giving a shorter notice than 21 days, if consent is accorded thereto:</p> <p>i. In the case of an Annual General Meeting, by all the members entitled to vote thereat &</p> <p>ii. In the case of any other meeting by members of the company holding not less than 95 % of such part of the paid-up share capital of the company as gives right to vote at that meeting.</p> <p>Notice of every meeting of the Company shall be given to every member of the Company, to the Auditors of the Company and to any persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorized for the giving of notice to such persons.</p> <p>The accidental commission to give any such notice to or the non-receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.</p>

	PROCEEDINGS AT GENERAL MEETINGS
77	<p>Business of Meetings</p> <p>The Ordinary business of an annual General meeting shall be receive and consider the profit and Loss Account, the Balance Sheets and the Reports of the Directors and of the auditors, to elect directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General meeting and all business transacted at an Extraordinary Meeting shall be deemed special business.</p>
78	<p>Quorum to be present when business commenced</p> <p>No business shall be transacted at any general meeting unless quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members present in person shall a quorum.</p>
79	<p>Resolution to be passed by Company in General Meeting</p> <p>Any act or resolution which, under the provisions of these Articles or of the Act, permitted or required to be done or passed by the Company in General meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act to be done or resolution passed by a Special Resolution as defined in Section, 189(2) of the Act.</p>
80	<p>Chairman of General Meeting</p> <p>The chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such chairman, or if any meeting he shall not be present within minutes after the time appointed for holding such meeting or unwilling to act the members present shall choose another Directors as Chairman, and if no director be present, or all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if property demanded, elect ode of their number, being a member entitled to vote, to be Chairman.</p>
81	<p>When if quorum not present, Meeting to be dissolved and when to be adjourned</p> <p>If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid shall be dissolved; but in any other case is shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time and place as the Board may by notice appoint.</p>
	VOTES OF MEMBERS
82	<p><i>How questions to be decided at Meetings</i></p> <p>Every question submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have casting vote in addition to the vote to which may be entitled as a member.</p>
83	<p>What is to be evidence of the passing of a resolution where poll not demanded</p> <p>At any general meeting, unless a poll is (before on the declaration of the result of the show of hands) demanded in accordance with provisions of section 179 of the Act, a declaration by the Chairman that the resolution has or has not been carried or has or has not been carried either unanimously or by particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of number of proportion of the votes cast in favor or against resolution.</p>

84	<p><i>Poll</i></p> <ol style="list-style-type: none"> 1. If a poll be demanded as aforesaid it shall be taken forthwith on as question of adjournment or election of a Chairman and in any other case in such manner and such time, not being later, than forty-eight hours from the time when demand was made, and at such place as the Chairman of the meeting directs and, subject as aforesaid, either at once or after in interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision or the meeting on the resolution on which the poll was demanded. 2. The demand of a poll may be withdrawn at any time. 3. Where a poll is to be taken the Chairman of the meeting shall appoint two scrutinizers, one at least of whom shall be a member (not being an office or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinize the votes given on the poll and to report to him thereon. 4. On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not if he votes, use all his votes or cast in the same way all the votes he uses. 5. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
85	<p><i>Power to adjourn General Meeting and determine right to vote</i></p> <ol style="list-style-type: none"> 1. The Chairman of a General meeting may with the consent of the meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. 2. 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. Save as aforesaid and as provided in Article 73 it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.
86	<p>Votes of Members</p> <p>On a show of hands every member present in person shall have one vote and upon a poll every member present in person or by proxy shall have one vote every share held by him, provided that no company shall vote by proxy so long as a resolution of its Director under the provision of Section 187 of the Act is in force.</p>
87	<p>Procedure where a company is a member of the Company</p> <p>Where a company or a body corporate (hereinafter called "member Company") is a member of the company, a person, duly appointed by resolution in accordance with the provision of Section 187 of the Act to represent such member company at a meeting of the company, shall not by reason of such appointment be deemed to be proxy and the production at the meeting of a copy of such, resolution duly signed by one director of such member of the company and certified by him as being true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same right and power, including the right to vote by proxy on behalf of the member company, which the represents, as that member company could exercise.</p>
88	<p>Vote in respect of deceased, insane and insolvent members</p> <p>Any person entitled under Transmission Article to transfer any shares may vote at any General meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty eight hours at least 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 Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be lunatic, idiot or non-compos mentis, he may vote whether by a show of hands or at a poll by his committee, curator bonis or other legal curator and such least-mentioned persons may give their votes by proxy.</p>

89	<p>Joint Holders</p> <p>Where there are joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled there to; and if more than one of such joint-holders be present at any meeting either personally "or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holder thereof.</p>
90	<p>Proxies permitted</p> <p>On a poll votes may be given either personally or by proxy, or in the case of a body corporate, by a representative duly authorized as aforesaid.</p>
91	<p>Instrument appointing proxy to be in writing, proxies may be general or special</p> <p>The instrument appointing a proxy shall be in writing under the hands of the appointer or of his Attorney duly authorized in writing or if such appointer is a body of corporate be under his common seal or the hand of its officer or Attorney duly authorized. A proxy who is appointed for specified meeting only shall be called Special Proxy. Any other proxy shall be called a General Proxy. A person may be appointed a proxy through he is not a member of the Company and every notice convening a meeting of the meeting of the Company shall states this and that member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.</p>
92	<p>Instrument appointing a proxy to be deposited at the office</p> <p>The instrument appointing a proxy and the power-of-Attorney or other authority (if any) under which it is signed or a notarially certified copy that power of authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and default the instrument of proxy shall not be treated as valid.</p>
93	<p>When vote by proxy valid though authority revoked</p> <p>A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, transfer of the share in respect of which the vote if given, provided no intimation in writing of the death, insanity revocation or transfer of the share shall have been received by the company at the office before the vote is given. Provided 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 that the same has not been revoked.</p>
94	<p>Restriction of voting</p> <p>No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercise any right of lien.</p>
95	<p>Admission or rejection of votes</p> <p>Any objection as to the admission or rejection of a vote, either on a show hands, or on a poll made in due time, shall be referred to the chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive. No objection shall be raised to the qualification of any voter expect at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.</p>

	DIRECTORS
96	<p>Number of Directors</p> <p>Until otherwise determined by special Resolution the number of the Directors of the company shall not be less than three or more than twelve.</p>
97	<p>Proportion to retire by rotation</p> <p>Not less than two-thirds of the total number of Directors other than Managing Director shall be persons whose period of office is liable to retirement by rotation.</p>
98	<p><u>Power of Directors to add their number</u></p> <p>The Directors shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total numbers of Directors shall not any at any time exceeds the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.</p>
99	<p>Qualifications of Directors</p> <p>A Director shall not be required to hold any qualification share.</p>
100	<p>Director can act before acquiring qualification</p> <p>Without prejudice to the restrictions imposed by Section 266 of the Act, a Director who is required to hold qualification shares may act as a Director before acquiring such shares but shall, if he is not already qualified, obtain his qualification, and every Director other than technical Directors or a Director appointed by the Central or a State Government shall file with the Company a declaration specifying the qualification shares held by him, within two months from his appointment as a Directors.</p>
101	<p>Director's fees, remuneration and expenses</p> <p>Unless otherwise determined by the Company in General meeting each Director shall be entitled to receive out of the funds for the Company for his services in attending meetings of the Board a fee of Rs. 250/- per meeting of the Board attended by him. All other remuneration, if any payable by the company to each Directors, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act, The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending at Board and Committee meetings and otherwise in the execution of their duties as Directors.</p>
102	<p>Remuneration for extra services</p> <p>Subject to the provisions of the act. If any director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing ways from the place of his ordinary residence for any of the purpose of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to sections 198,309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profit or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.</p>
103	<p>Board may act notwithstanding vacancy</p> <p>The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.</p>

104	<p>Vacation of office of Director</p> <p>The office of a Director shall ipso facto be vacated 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 adjudicated an insolvent; or</p> <p>c) he is adjudged an insolvent ; so</p> <p>d) he is in convicted by a Court in India of any offence and is sentenced in respect thereof to imprisonment for not less than six months; or</p> <p>e) he fails to pay any calls 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 calls; or</p> <p>f) he absents himself from three consecutive meeting of the Board or from all meeting of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from the Board ; or</p> <p>g) he, or any him firm of which he is a partner, or any private company of which he is a directors , accepts a loan, or any guarantees or security for a loan , from the Company in contravention of section 295 of Act ; or</p> <p>h) he acts in contravention of section 299, of the Act, or</p> <p>i) he becomes disqualified by an order of Court under Section 203 of the Act; or</p> <p>j) he be removed from office in pursuance of Section 284 of the Act ; or</p> <p>k) be notice in writing to the Company he resigns his office ; or</p> <p>l) he or any partner relative of his, or any firm of which he or his relative is partner, or any private company of which he is a director or member, without the previous sanction of the Company accorded by Special Resolution, accepts or holds by office or place of profit under the company or under any subsidiary of the company in contravention of section 314 of the act.</p> <p>2. Notwithstanding any matter of thing in sub-clauses (c), (d) and (i) of clause (i), the disqualification referred to in those sub-clauses shall not take effect :</p> <ol style="list-style-type: none"> for thirty days from the date of adjudication, sentence or order ; or where an appeal or petition is preferred within the 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 or ; or where Director or other person referred to in section 314 of the Act, may be appointed to hold any office on place of profit under the Company or under any subsidiary of the company in accordance with the provisions of section 314 of the Act,
105	<p>Holding of office or place of profit under the company or its subsidiary</p> <p>Any Director or other person referred to in section 314 of the Act, may be appointed to hold any office on place of profit under the Company or under any subsidiary of the company in accordance with the provisions of Section 314 of the Act,</p>
106	<p>Conditions under which Directors may contract with Company</p> <p>Subject to the provisions of section 297 of the Act a Director shall not be disqualified from contracting with the company either as vendor, purchaser or otherwise for goods materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm which such Director or relative is a partner or with any other partner in such firm or with a private company of which such director is a member or director be avoided nor shall any Director so contracting or being such member so interested be liable to account to the company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.</p>

107	<p>Director's interest Disclosure of a Director's interest Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the company shall disclose the nature of his concern or interest at a meeting of the Board as required by section 299 of the Act. A general notice, renewable in the last months of each financial year of the company, that a Director is a director or member of any specified body corporate or is member of any special firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient so made and after such general notice it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm shall be sufficient is closure of concern or interest in relation to any contract or arrangement so made and after such general notice, it shall note necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable step at secure that it is brought up and read at the first meeting of the board after it is given.</p>
108	<p>No Director shall, as a Director take any part in the discussion of or vote on any contract or arrangement in which he is in any way whether directly or indirectly concerned or interest, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract or indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the company; or (b) any contract or arrangement entered into or to be entered into by the company with a public company or with a private company which is a subsidiary of a public company in which the interest of the Director consists solely in his being a director or such company and the holder of not more than shares of such number or value there in as is requisite to qualify him for appointing as a director or thereof, he having been nominated as such director by the company.</p>
<p>POWERS OF DIRECTORS</p>	
120	<p>General Power of Company vested in Directors Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and do all such acts and things as the company is authorized to exercise and to, provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the act or nay other statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith duly made there under, including regulation made 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>
121	<p>Power to appoint Managing Directors Subject to the provisions of the Act. The Board may from time to time appoint one or more Directors to be Managing Director or Managing Directors of the company either for a fixed terms not exceeding for a period of five years for which he or they is or are to hold such office.</p>
122	<p>To what provisions be shall be subject A Managing Director shall (subject to the provisions of any contract between him and the company) be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately ,cease to be a Managing Director if he ceases to hold the office of Director from any cause.</p>

123	Remuneration of Managing Director Subject to the provisions of the Act. A Managing Director shall receive such remuneration as may from time to time be sanctioned by the company.
124	Powers of Managing Director Subject to the provisions of the Act in particular to the prohibition and restrictions contained in section 292 thereof the Board may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Directors as they may think fit, any may confer such powers for such and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think fir; and they may confer such powers either collaterally with, or the exclusion of, and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time to time revoke, withdraw, after or vary all or any of such power.
125	Custody of Seal The Board shall provide for the safe custody of the seal and the seal shall never be used except by the authority previously given of the Board or a Committee of the Board authorized by the Board in that behalf and two Directors at least and the Secretary of Company if any shall sign every instrument to which the seal is affixed. Provided nevertheless, that any instrument bearing the seal of the Company notwithstanding any irregularity touching the authority of the Board to issue the same.
DIVIDENDS AND RESERVES	
127	Declaration of Dividend Subject to the provisions of the Act the Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board
128	Interim Dividends The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.
129	Setting aside reserve out of profits 1. Subject to the provisions of the Act. The Board may before recommending any dividend , set aside out of the profits of the Company such sums as it thinks proper as a reserve of reserves which shall, at the discretion of the Board be applicable for any purpose to which the profits of the Company may be properly applied , including provisions for meeting contingencies or for equalizing dividends ; and pending such application , may , at the like discretion , either be employees in the business of the company as the Board may, from time to time , think fit. 2. The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.
131	Deduction of calls etc. from dividend The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.

134	<p>Payment of dividend by cheque or warrant</p> <p>1. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>2. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>
135	<p>Receipts in case of Joint-holders</p> <p>Any one of two or more joint holders of a share may give effectual receipts for any dividend bonuses or other moneys payable in respect of such share.</p>
136	<p>Notice of declaration of dividend</p> <p>Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.</p>
137	<p>Dividends not to bear interest</p> <p>No dividend shall bear interest against the Company.</p>
138	<p>Unclaimed Dividends</p> <p>a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholders to any shareholders entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called account called "unpaid Dividend of A/c of Shekhawati Poly-Yarn Limited" and transfer to the said account, the total amount of dividend which remain unpaid or in relation to which no dividend has been posted.</p> <p>b) Any money transferred to the unpaid dividend account of the Company which remain unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board.</p>
139	<p>Capitalization</p> <p>Any General Meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits (including profits or surplus moneys arising from realization of any capital assets of the Company) of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Fund, or any other fund of the Company, or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account, be Capitalized.</p>

140	<p>Special Provision in reference to dividends</p> <p>Any General Meeting, sanctioning or declaring a dividend in terms of these Articles, shall as regards payment of such dividend, wholly or in part, have regard to and shall make the payment thereof in accordance with the provisions of Section 205 of the act.</p>
141	<p>Inspection of accounts and books</p> <p>(1) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company , or any of them, shall be opened to the inspection of members not being Directors.</p> <p>(2) No member (not being a Director) shall have any right of inspection any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in general Meeting</p>
142	<p>Capitalization of profits and distribution thereof</p> <ol style="list-style-type: none"> 1. The Company in general meeting may, upon the recommendation of the Board, resolve; <ol style="list-style-type: none"> i. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Companies reserve accounts, or to the credit of the profit and loss account or otherwise available for distribution ; and ii. That such sum be accordingly set for distribution in the manner specified in clause (2) amongst the member who would have been entitled thereto, if distributes by way of dividend and in the same proportions. 2. The sum aforesaid shall not be paid in cash but shall be applied subject to the provision contained in clause (3), either in or towards. <ol style="list-style-type: none"> i. paying up any amounts for the time being unpaid on any shares held by such members respectively; ii. paying up in full , unissued shares or debentures of the company to be allotted and distribute , credited as fully paid up to and amongst such members in the proportion aforesaid; iii. partly in the way specified in sub-clause (i) and partly in that specified in sub clause (ii); 3. A share premium account and a redemption reserve fund may , for the purposes of this regulation only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares. 4. The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

	Appropriations, application and allotments of capitalized profits
143	<p>1. Whenever such a resolution as aforesaid shall have been passed the Board shall:-</p> <p>(a) make all appropriations and application of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares or debentures , if any; and</p> <p>(b) generally do all acts and things required to give effect thereto</p> <p>2. The Board shall have full power:-</p> <p>(a) to make such provisions , by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit for the case of shares or debentures becoming distributable in fractions; and also,</p> <p>(b) to authorize 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 or debentures to which they may be entitled upon such capitalization , or (as the case may require) for the payment by the Company on their behalf , by the application thereto of their respective proportions of the Profits resolved to be capitalized of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>(c) Agreement made under such authority shall be effective and binding on all such members.</p>
	BOOKS AND DOCUMENTS
144	<p>Books of accounts to be preserved</p> <p>The books of accounts of the Company relating to a period of not less than eight years immediately preceding the current year together with the vouchers relevant to any entry in such books of accounts shall be preserved in good order.</p>
145	<p>Where to be kept</p> <p>The books of accounts shall be kept at the Office or such other place in India as the Board think fit, and shall be open to inspection by any Director during business hour.</p>
146	<p>Inspection of members</p> <p>The Board shall from time to time determine whether and to what extent time and places and under what conditions or regulations. the books of account and books and documents other than those referred to in Articles 141(2) shall be open to the inspection of the members not being Directors; and no member (not being a Director) shall have any right of inspecting any books of account or book or document of the Company except as conferred by law or authorized by the Board or by the company in General Meeting.</p>
147	<p>Profit and loss account and Balance Sheet</p> <p>At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the provisions of Section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of Sections 210, 211, 212, 215 and 216 of Schedule VI to the Act so far as they are applicable to the company, but save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of the trading and transaction of the Company than they may deem expedient.</p>
148	<p>Annual Report of Directors</p> <p>There shall be attached to every Balance Sheet laid before the Company a report by the Board complying with Section 217 of the Act.</p>

149	<p>Copies to be sent to members and others</p> <p>A copy or every Balance Sheet (including the Profit and Loss Account the Auditors, Report and every document required by law to be annexed or attached to the Balance Sheet) shall as provided by Section 219 of the Act not less than twenty one days before the meeting be sent to every such member, debenture-holder trustee and other person to whom the same is required to be sent by the said section.</p>
150	<p>Copies of Balance Sheets etc. to be filed</p> <p>The Company shall comply with Section 220 of the Act as to filing copies of the Balance Sheet with the Registrar.</p>
SERVICE OF NOTICE AND DOCUMENTS	
151	<p>How notice to be served on members</p> <p>(1) A notice or other document may be given by the Company to any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any within India supplied by him to the Company for the giving of the notice to him.</p> <p>(2) Where a notice or other document is sent by post :</p> <p>(a) service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the Company in advance that notice or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and had deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and</p> <p>(b) unless the contrary is proved, such service shall be deemed to have been effected:-</p> <p>(i) in the case of a notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted, and</p> <p>(ii) In any other case, at the time at which the letter would be delivered in the ordinary course of post.</p>
152	<p>Notice to members who have not supplied addresses</p> <p>A notice or other document advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company and address within India shall if so required to do by the Company, supply the Company with an address in India for the giving of notices to him.</p>
153	<p>Notice on joint-holders</p> <p>A notice or other document may be served by the Company on the joint-holders of a share by giving the notice to the joint-holder named first in the Register in respect of the share.</p>
154	<p>Notice to persons entitled by transmission</p> <p>A notice or other document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignees to the insolvent or by any like description, at the address 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 the same might have been given if the death or insolvency had not occurred.</p>

155	<p>When notice may be given by advertisement</p> <p>Any notice required to be given by the Company to the members or any of them and no expressly provided for by these Articles or by the Act shall be sufficiently given by advertisement.</p>
156	<p>How to be advertised</p> <p>Any notice required being or which may be given by advertisement shall be advertised once in one more newspapers circulating in the neighborhood of the office.</p>
157	<p>When notice by advertisement deemed to be served</p> <p>Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.</p>
158	<p>Transferee etc. bound by prior notices</p> <p>Every person who by operation of law, transfer or other than what so ever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall be duly given to the person from whom he derives his title to such share</p>
159	<p>Notice valid though member deceased</p> <p>Subject to the provisions of Article 146 any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall notwithstanding such member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered shares, whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holder thereof and such service shall for all purpose of these presents be deemed a sufficient service of such notice or document on his or her heirs: executors or administrators and all persons if any jointly interested with him or her in any such share.</p>
160	<p>Service of process in winding up</p> <p>Subject to the provisions of Section 497 and 509 of the Act, in the event of winding-up of the Company, every member of the Company who is not for the time being in the neighborhood of the Office shall be bound, within eight weeks after the assign of an effective resolution to wind up the Company voluntarily or the making of an order for winding-up of the Company, to serve notice in writing on the Company appointing some householder residing in the neighborhood of the office upon whom. All summonses notices, process, orders and judgments in relation to or under the winding-up of the Company may be served and in default of such nomination the Liquidator of the Company shall be at liberty on behalf of such member to appoint some such person and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such member for all purpose, and where the Liquidator makes any such member by advertisement in some daily newspaper circulating in the neighborhood of Office or by a registered letter sent by post and addressed to such member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of this article shall not prejudice the right of the Liquidator of the Company to Serve any notice or other document in any other manner prescribed by the Articles.</p>

161	<p>Reconstruction</p> <p>On any sale of the undertaking of the Company the Board or the Liquidators on a winding-up may, if authorised by a special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the company, and the Board (if the profits of the Company permit) or the Liquidators (in a winding-up) may distribute such shares or securities, or any other property of the Company amongst the members without realization, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property, otherwise than in accordance with the strict legal right of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up such statutory rights (if any) under Section 494 of the Act as are incapable of being varied or excluded by these Articles.</p>
162	<p>SECRECY</p> <p>Every Director, Manager, Secretary, Trustee for the Company its members or debenture-holder , member of a committee, officer ,servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these Article contained.</p>
163	<p>No share-holder to enter the premises of the Company without permission</p> <p>No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the board for either discovery of any information or details of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be against the interest of the Company.</p>
	<p>WINDING UP</p>
164	<p>Distribution of assets</p> <p>If the Company shall wound up and assets available for distribution among the members as such shall be insufficient to pay the whole of the paid up capital such shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up the commencement of the winding-up on the shares held by them respectively. And if in winding-up the assets available for distribution among the members 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.</p>

165	<p>Distribution of assets in specie</p> <p>If the company shall would-up, whether voluntarily or other-wise he liquidators may, with the sanction of special Resolution, divide among the contributories, in specie or kind any part of the assets of the company any may with the line sanction , vest any part of the assets of the company in Trustees upon such trusts for the benefit of the contributories or any of them as the liquidators, with the like sanction, shall think it.</p>
INDEMNITY	
166	<p>Directors' and others' right of indemnity</p> <p>Every Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company as shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Manager, Secretary or Officer or Auditor 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 relies is granted to him by the Court.</p>

SECTION XI - OTHER INFORMATION

11.1 List of Material Contracts and the Documents for inspection

I. Material Contracts

- (1) Memorandum of Understanding dated June 15, 2010 entered into by the Company – Shekhawati PolyYarn Limited with the Lead Manager to the Issue – Hem Securities Limited.
- (2) Memorandum of Understanding dated June 7, 2010 entered into by the Company with Sharex Dynamics Private Limited, to act as the Registrar to the Issue.
- (3) Agreement dated December 08, 2010 between the Issuer Company and HDFC Bank Ltd as Bankers to the Issue and Agreement dated December 09, 2010 between Issuer Company and the IndusInd Bank as Bankers to the Issue.
- (4) Tripartite Agreement dated 1st July 2010 between the NSDL, the Issuer Company and the Registrar.
- (5) Tripartite Agreement dated 6th July 2010 between the CDSL, the Issuer Company and the Registrar.
- (6) Agreement dated 23rd March, 2010 between SPYL and Mr. Mukesh Ruia to appoint him as Managing Director of the Company.

II. Documents

- (1) Memorandum and Articles of Association of our Company as amended from time to time.
- (2) Memorandum and Articles of Associations of our Promoter Company as well as associate companies as amended from time to time.
- (3) Certificate of Incorporation issued by the Registrar of Companies, Maharashtra issued to our Company.
- (4) Certificates of Incorporation issued by the Registrar of Companies, Maharashtra issued to our Associate companies.
- (5) Copy of the Resolution passed at Meeting of the Board held on March 2, 2010 approving the terms of compensation to be paid to Mr. Mukesh Ruia (Managing Director)
- (6) Copy of the Resolution passed at Board Meeting held April 20, 2010 and copies of the Special Resolutions passed at the Extra Ordinary General Meetings of the Company held on May14, 2010 and June 11, 2010 under Section 81(1A) of the Companies Act, 1956 for authorizing the Issue.
- (7) Copies of the Annual Reports of our Company for the years ended March 31, 2006; March 31, 2007; March 31, 2008, March 31, 2009; March 31, 2010 and Financial Statements for the 6 months ended September 30, 2010.
- (8) Copies of the Annual Reports of our Associate Companies for three years ended March 31, 2008; March 31, 2009 and March 31, 2010.
- (9) Consents of the Directors, CFO and Compliance Officer, Auditors.
- (10) Consents of the Lead Manager to the Issue, Legal Advisor, Banker to the Company, Bankers to the Issue and Registrars to the Issue to include their names in this Prospectus, to act in their respective capacities.
- (11) Copy of the Tax Benefits Certificate dated December 04, 2010 by M/s. Singrodia Goyal & Co., Chartered Accountants.
- (12) Copy of the Chartered Accountant Certificate dated December 06, 2010 issued by M/s. Churiwala & Co., Chartered Accountants, regarding the sources and deployment of funds.
- (13) Copy of Certificate dated December 01, 2010 issued by M/s. Singrodia Goyal & Co., & Statutory Auditors of the Company reporting financials of the Issuer Company in terms of part II schedule II of the Companies Act, 1956 and including Capitalization Statement, Taxation Statement & Accounting Ratios.

- (14) A Copy of the Project Report approved by the Board of Directors of the Issuer Company.
- (15) Copy of resolution passed at the Board Meeting held on May 17, 2010 for the formation of the Audit Committee and Investor Grievance Committee and Remuneration Committee.
- (16) Copy of Agreements for the appointment of Mr. Mukesh Ruia as a Managing Director.
- (17) Deeds of Conveyance dated May 6, 1993 made by and between the Issuer Company and the sellers for purchasing land bearing Survey No. 260 (part), Vill- Dadra of Taluka Silvassa in the Union Territory of Dadra and Nagar Haveli and Purchase Deeds dated April 9, 2009 made by and between the Issuer Company and the sellers for purchasing land bearing Survey No.185/P of Vill. Naroli of the Union Territory of Dadra and Nagar Haveli.
- (18) Leave and License Deed dated June 15, 2010 made by and between the Issuer Company and the owner of the premises of the Registered Office of the Company- 2, Anantwadi, Vaidya Bhawan, Bhuleshwar, Mumbai- 400 002.
- (19) Due Diligence Certificate dated on June 26, 2010 from Lead Manager – Hem Securities Limited, Mumbai.
- (20) Due Diligence report dated June 26, 2010 from Legal Advisors to the Company, Mindspright Legal, Mumbai
- (21) Copies of the applications made to NSE on - July 20, 2010
- (22) Copies of the applications made to BSE on - July 20, 2010
- (23) In-principle listing approval received from BSE vide its letter ref: DCS/IPO/AKS/IPO-IP/761/2010-11 dated August 11, 2010.
- (24) In-principle listing approval received from NSE vide its letter ref: NSE/LIST/ 149487-8 dated October 18, 2010.
- (25) SEBI observation letter no. CFD/ DIL/ Issues/ SK/ AT/ 25244/ 2010 dated November 01, 2010 & letter no. CFD/ DIL/ ISSUES/ SK/ AT/ 29948/ 2010 dated December 15, 2010
- (26) Copy of the Board Resolution passed at meeting of Board of Directors held on December 16, 2010 for approving the Prospectus.
- (27) Copy of Due Diligence Certificate under Regulation 8(2) (b) of SEBI (ICDR) Regulations, 2009.

III. Time and place at which the contracts, together with documents, will be available for inspection from the date of prospectus until the date of closing of the subscription list at the Registered Office of the Company

Shekhawati Poly-Yarn Limited
 2, Anantwadi, Vaidya Bhawan, 1st Floor
 Bhuleshwar, Mumbai- 400 002
 Maharashtra
 Tel. No. 91- 22 3256 7126
 Fax No. 99- 22 2875 5522

On all working days i.e. from Monday to Friday from 11.00 A.M. till 4.00 P.M.

11.2**Declaration**

We, the Directors of the Company, certify that all 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, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or Regulations issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

Signed by the Board of Directors and CFO & Compliance Officer of the Company:**Sd/-****Mukesh Ruia**

Managing Director

Sd/-**Ram Niranjana Ruia**

Non- Executive Chairman

Sd/-**Sanjay Balvantra Jogi**

Non-Executive Director

Sd/-**Satish Chandra Kulhari**

Non-Executive, Independent Director

Sd/-**Sanjay Kumar Churiwala**

Non-Executive, Independent Director

Sd/-**Deb Kumar Goswami**

Non-Executive, Independent Director

Sd/-**Shiv Ratan Agarwal**

CFO & Compliance Officer

Place: Mumbai**Date: December 16, 2010**

Mr. Mukesh Ruia
Chariman & Managing Director
Shekhawati Poly Yarn Limited
113, Atlanta Estate,
Nr. Virvani Industrial Estate,
Vitt Bhatti, Goregaon (East),
Mumbai - 400063

December 15, 2010

Dear Sir,

IPO Grading

Please refer to our letter dated December 01, 2010 on the above subject.

2. The rationale for the grading is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our quarterly journal, 'CAREVIEW'.


3. A write-up on the above grading is proposed to be issued to the press shortly. A draft of the press release is enclosed for your perusal as **Annexure - II**.

4. We request you to peruse the Rationale and Press Release and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by December 22, 2010 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,



[Ujjwal Patel]
Analyst



[Pulkit Agarwal]
Manager

Encl: As above

December 15, 2010

Mr. Mukesh Ruia
Chariman & Managing Director
Shekhawati Poly Yarn Limited
113, Atlanta Estate,
Nr. Virvani Industrial Estate,
Vitt Bhatti, Goregaon (East),
Mumbai - 400063

December 01, 2010

Confidential

Dear Sir,

IPO Grading

Please refer to your letter dated June 21, 2010 for grading of your Initial Public Offering (IPO) Shekhawati Poly-Yarn Limited (SPL) of 1,20,00,000 equity shares of face value of Rs.10 each.

2. CARE has assigned a '**CARE IPO Grade 2**' [**Grade Two**] to the proposed IPO issue of Shekhawati Poly-Yarn Limited (SPL). **CARE IPO Grade 2** indicates **below average fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever '**CARE IPO Grade 2**' [**Grade Two**] appears, it should invariably be followed by the definition '**CARE IPO Grade 2** [**Grade Two**] indicates below average fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in Annexure 1. The rationale for this grading will be communicated to you separately.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.



6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
7. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings. As such, in the absence of any request for review of rating within a week of this letter, CARE will disclose this IPO grading to the public.
8. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,

A handwritten signature in black ink, appearing to read "Ujjwal Patel", written over a horizontal line.

[Ujjwal Patel]
Analyst

A handwritten signature in blue ink, appearing to read "Pulkit Agarwal", written over a horizontal line.

[Pulkit Agarwal]
Manager

Encl : As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure 1

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

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Annexure I

Grading Rationale

Shekhawati Poly-Yarn Limited

Grading Assigned

Particulars	Number of equity shares	Grading ¹	Remarks
IPO Grade	1,20,00,000 equity shares of face value of Rs. 10 each	'CARE IPO Grade 2' [Two]	Assigned

CARE has assigned a 'CARE IPO Grade 2' to the proposed IPO of Shekhawati Poly-Yarn Limited (SPL). 'CARE IPO Grade 2' indicates **below-average fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

SPL proposes an initial public offering of 1,20,00,000 equity shares of face value of Rs.10 each at a premium of Rs.20 per share, representing 54.54% of the post-issue equity share capital of the company.

Grading Rationale

The grading assigned is constrained by SPL's relatively small size of operations, limited presence in the textile value chain, highly competitive and fragmented nature of the industry limiting the pricing flexibility of the company and significantly large expansion project proposed by the company exposing it to project implementation and attendant business risks. The grading factors the location advantage of SPL due to the proximity of its plant to raw material source and customer base along with promoter's experience in the industry.

¹Complete definition of the grading assigned is available at www.careratings.com and other publications of CARE



Background

SPL was incorporated on November 5, 1990 as Shekhawati Poly-Yarn Private Limited (SPPL) as a trading unit in textiles. SPL set up its first texturing unit in 1995-96 having a capacity of 600 TPA. In 2005-06, SPL integrated the business with the start of twisting facility (TFO) and modernized its existing facility. SPL started the second texturing unit in 2007-08 and initiated setting up the third texturing unit in 2009-10 by installing 10 texturing machines, increasing its capacity to 27,400 tonnes per annum (tpa) from 13,200 tpa. As on October 30, 2010, six texturing machines have been installed, while the remaining four are to be installed by December 31, 2010. SPL has five machines for twisting (TFO) with installed capacity of 600 tpa as on March 31, 2010. All the manufacturing units are located in Dadra and Nagar Haveli which is in close proximity to Surat – the textile hub of the country providing ease of access to the customers.

SPL was converted into a limited company and renamed Shekhawati Poly-Yarn Limited on April 19, 2010.

Management

SPL is promoted by Mr. Sajjan Kumar Jain, Mr. Rajneesh N Jain, Mr. Ratanlal Jain and Mr. Rajesh Kumar Jain. It was taken over by Mr. Ramniranjan Ruia and Mr. Mukesh Ruia in 1993. Mr. Ramniranjan Ruia, Chairman, has over four decades of experience in the textile industry and Mr. Mukesh Ruia, Managing Director, has more than 18 years of experience in the textile industry.

Corporate Governance

Currently, the Board consists of six directors, where the chairman of the Board is a non-independent and executive director. In all, there are two promoter directors, one non-executive non-independent director and three independent directors. It complies with the clause 49 of the listing agreement. SPL has also constituted prescribed committees such as Audit Committee and the Remuneration and the Shareholders/Investors Grievance Committee. SPL is not registered under section 5 of The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 and has not followed AS-15 regarding Employee Benefits prescribed by the Institute of Chartered Accountants of India.

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Litigations

SPL doesn't have any pending litigations as on March 31, 2010.

IPO Details

Size of the Issue

The Offer comprises an offer for sale of 1,20,00,000 equity shares of the face value of Rs.10 each issued at a fixed price of Rs.30 per share. The promoters are planning to divest 54.54% per cent of its post-issue equity through the public issue of shares.

Terms of the issue

The offer comprises an offer to public of 1,20,00,000 equity shares of Rs.10/- each at a premium of Rs.20/- per share for cash with the entire amount is to be paid on application.

Purpose of the issue

- Acquire 30 twisting machines and installation of new 30 knitting machines.
- Acquire corporate office
- Margin money for working capital
- Meet issue expenses

The total project cost is Rs.36.00 crore which includes corporate office of Rs.3.25 crore.

Shareholding Pattern Pre-issue and Post-issue:

	Pre-Issue (%)	Post-Issue (%)
Promoters	76.86	34.94
Promoters group including bodies corporate	23.14	10.53
Others		54.54

Financial Analysis

Income from operations of SPL grew at a Compounded Annual Growth Rate (CAGR) of 65% during FY08-FY10 on account of increase in sales volume. PBILDT margin improved in FY10 on account of improvement in realisation of texturised yarn. The company added eight texturising machines in FY09 and 10 texturising machines in FY10 of which four were commissioned in FY10 and balance six machines are projected to be commissioned by December 2010. Interest cost has increased in FY10 on account of incremental debt. The financial risk profile of SPL has also deteriorated with debt-equity and gearing at 1.24x and 1.96x respectively as on March 31, 2010.



The Working capital cycle of SPL has increased from 66 days to 77 days in FY10 on account of the extended credit allowed to debtors, allowing SPL to increase realisation per unit and sales, and squeeze on credit period available for raw material from suppliers.

In H1FY11, SPL registered net sales of Rs.57.57 crore and PAT of Rs.1.70 crore.

Industry Review

CARE Research expects long-term prospects for MMF to remain positive due to higher domestic demand and switch-over effect from cotton due to higher cotton prices. CARE Research expects the domestic demand for MMF to grow at a CAGR of 6.51% during the FY10-FY12 period. The demand is to be driven by various factors like higher MSP for cotton, making MMF more competitive as against cotton, increasing population, low per capita consumption, rising urbanization, increasing purchasing power, increased demand from non-apparel segment like home textiles, automotive and industrial segments. Further, due to limitation in availability of arable land limiting the availability of cotton, additional needs in clothing of the masses can largely be serviced through the synthetics. Polyester for non-clothing end-use is also holding a major promise in the country specifically in the case of technical textiles. In the world, the technical textiles consume nearly 30% of the overall production of polyester while in India it is less than 5%. Technical textiles also have very large applications such as Geo Textiles for road construction, fire retardant textiles, air bags in passenger cars, non woven disposable synthetic yarn etc.

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Financials

	(Rs. Crore)		
<i>For the period ended / as at Mar.31,</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(12 m, A)</i>	<i>(12 m, A)</i>	<i>(12 m, A)</i>
<i>Income from Operations</i>	32.80	78.42	90.23
<i>PBILDT</i>	3.02	6.89	9.10
<i>Interest</i>	1.30	3.17	3.94
<i>Depreciation</i>	0.80	1.95	2.18
<i>PBT</i>	0.98	1.79	3.47
<i>PAT (After def. Tax)</i>	0.59	1.17	2.21
<i>Gross Cash Accruals</i>	1.66	3.73	5.19
Financial Position			
<i>Equity Share capital</i>	1.65	1.65	1.65
<i>Share Application Money</i>	0.00	2.51	7.74
<i>Net Worth</i>	10.23	14.47	22.51
Key Ratios			
Profitability (%)			
<i>PBILDT / Total Income</i>	9.20	8.79	10.09
<i>PAT / Total Income</i>	1.79	1.50	2.45
<i>ROCE</i>	10.06	13.20	12.93
<i>RONW</i>	8.76	9.50	11.94
<i>Earnings per share(Rs.)</i>	3.55	7.11	13.63
Solvency			
<i>Debt Equity Ratio</i>	1.34	0.88	1.24
<i>Overall Gearing</i>	2.37	1.79	1.96
<i>Interest coverage (times)</i>	2.41	2.18	2.64
<i>Term Debt/GCA</i>	14.61	6.95	8.49
Liquidity			
<i>Current ratio</i>	1.23	1.38	1.19
<i>Quick ratio</i>	0.93	1.20	1.07
<i>Avg. Collection Period (days)</i>	72	52	64
<i>Average Inventory (days)</i>	29	17	13
<i>Average Creditors (days)</i>	14	3	0
<i>Operating cycle (days)</i>	86	66	77

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Annexure II

Press Release

CARE ASSIGNS 'CARE IPO GRADE 2' TO THE IPO OF SHEKHAWATI POLY-YARN LIMITED

Grading Assigned

Particulars	Number of equity shares	Grading ²	Remarks
IPO Grade	1,20,00,000 equity shares of face value of Rs. 10 each	'CARE IPO Grade 2' [Two]	Assigned

Grading Rationale

The grading assigned is constrained by SPL's relatively small size of operations, limited presence in the textile value chain, highly competitive and fragmented nature of the industry limiting the pricing flexibility of the company and significantly large expansion project proposed by the company exposing it to project implementation and attendant business risks. The grading factors the location advantage of SPL due to the proximity of its plant to raw material source and customer base along with promoter's experience in the industry.

Company Profile

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²Complete definition of the grading assigned is available at www.careratings.com and other publications of CARE



SPL reported a PAT of Rs.2.21 crore on total income of Rs.90.23 crore in FY10. In H1FY11, SPL registered net sales of Rs.57.57 crore and PAT of Rs.1.70 crore.

Analyst Contact

Name: Pulkit Agarwal

Tel # 6754 3505

Email: pulkit.agarwal@careratings.com

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