



## R&B DENIMS LIMITED

Our Company was originally incorporated on November 17, 2010, as "R&B Denims Private Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, our Company was converted into a public limited company pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on December 15, 2010 and the name of our Company was changed to "R&B Denims Limited" vide a fresh Certificate of Incorporation dated March 8, 2011 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The Corporate Identification Number of our Company is U17120GJ2010PLC062949. For details of the changes in our name and Registered Office, please see section titled "**History and Certain Corporate Matters**" on page 87 of this Draft Prospectus.

Registered Office: Block No. 467, Sachin Palsana Road, Palsana, Surat-394315, Gujarat, India.  
 Tel.No. +91-9601281648, Fax No. +91- 261- 2321672, E-mail: compliance@rbdenims.com, Website: http://www.rbdenims.com

**CONTACT PERSON:** MR. PRADIP DAVE (COMPANY SECRETARY & COMPLIANCE OFFICER)

**PROMOTERS OF OUR COMPANY:** MR. AMITKUMAR DALMIA, MR. DEEPAK DALMIA, MR. ANKUR BORANA & MR. RAJKUMAR BORANA

### THE ISSUE

PUBLIC ISSUE OF 37,10,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH ("EQUITY SHARES") OF R&B DENIMS LIMITED ("R&B" OR "THE COMPANY" OR "THE ISSUER") FOR CASH AT PAR AGGREGATING TO RS. 371.00 LACS (THE "ISSUE") OF WHICH 1,90,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AGGREGATING TO RS.19.00 LACS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 35,20,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- AT PAR AGGREGATING TO RS. 352.00/- LACS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.51% AND 25.15%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE 189 OF THIS DRAFT PROSPECTUS.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH AND THE ISSUE PRICE IS RS. 10/-. THE ISSUE PRICE IS 1 (ONE) TIMES OF THE FACE VALUE.

THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009, AS AMENDED FROM TIME TO TIME. THIS ISSUE IS A FIXED PRICE ISSUE AND ALLOCATION IN THE NET ISSUE TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 43(4) OF THE SEBI (ICDR) REGULATIONS 2009, AS AMENDED. FOR FURTHER DETAILS SEE "ISSUE RELATED INFORMATION" BEGINNING ON PAGE OF 189 THIS DRAFT PROSPECTUS.

Retail Individual Investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs"). However, investors other than Retail Individual Investors shall compulsorily participate through the ASBA process only providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs"). For details in this regard, specific attention is invited to "Issue Procedure" on page 195 of this Draft Prospectus. In case of delay, in refund if any, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first Public Issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The Face Value of the Equity Shares of the Company is Rs. 10/- per Equity Share and the Issue Price is 1 (One) time of the face value of the Equity Shares of our Company. The Issue Price (as determined and justified by our Company in consultation with the Lead Manager and as stated under the paragraph 'Basis for Issue Price' on page 50 of this Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the "Risk Factors" carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page no. 8 of this Draft Prospectus.

### THE COMPANY'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares issued through this Draft Prospectus are proposed to be listed on the SME Platform of BSE Limited. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended, we are not required to obtain an in-principle listing approval for the shares being issued in this Issue. However, our Company has received an approval letter dated [•] from BSE for using its name in this Draft Prospectus for listing of our shares on the SME Platform of BSE. For the purpose of this issue, the Designated Stock Exchange will be the BSE Limited ("BSE").

### LEAD MANAGER TO THE ISSUE



**HEM SECURITIES LIMITED**  
 14/15, 1<sup>st</sup> Floor, Khatau Building,  
 40, Bank Street, Fort, Mumbai - 400 001.  
 Tel. No.: +91-22- 2267 1543 / 44.  
 Fax No.: +91-22 - 2262 5991.  
 Website: www.hemonline.com  
 Email: ib@hemonline.com  
 Investor Grievance Email: redressal@hemonline.com  
 Contact Person: Mr. Harish Patel /Ms. Payal Mundra  
 SEBI Regn. No. INM000010981.

### REGISTRAR TO THE ISSUE



**BIGSHARE SERVICES PRIVATE LIMITED**  
 E-2/3, Ansa Industrial Estate, Sakhivihar Road, Sakinaka,  
 Andheri (East), Mumbai – 400 072.  
 Tel. No.: +91-22 - 40430200.  
 Fax No.: + 91-22 - 28475207.  
 Website: www.bigshareonline.com  
 Investor Grievance Email: investor@bigshareonline.com  
 Email: info@bigshareonline.com  
 Contact Person: Mr. Ashok Shetty  
 SEBI Regn. No. MB/INR000001385.

### ISSUE PROGRAMME

ISSUE OPENS ON: [•]

ISSUE CLOSES ON: [•]

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

In the Draft Prospectus, unless the context otherwise requires, the terms defined and abbreviations stated hereunder shall have the meanings as assigned therewith as stated in this Section.

Term	Description
“R&B Denims Limited”, “R&B”, “We” or “Us” or “our Company” or “the Company” “the Issuer”	Unless the context otherwise requires, refers to R&B Denims Limited, a Company incorporated under the Companies Act, 1956 vide a Certificate of Incorporation Issued by the Registrar of Companies, Gujarat, Dadra & Nagar Havelli
“you”, “your” or “yours”	Prospective Investors in this Issue

### CONVENTIONAL / GENERAL TERMS

Terms	Description
AOA / Articles / Articles of Association	Articles of Association of R&B Denims Limited, as amended from time to time
Auditors/ Statutory Auditors	The Auditors of R&B Denims Limited: M/s. Pradeep Singhi & Associates, Chartered Accountants
Audit Committee	The Committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Clause 52 of the SME Listing Agreement to be entered into with the BSE
Board of Directors / the Board / Our Board	The Board of Directors of R&B Denims Limited, including all duly constituted Committees thereof.
CIN	Corporate Identification Number
Companies Act / Act	The Companies Act, 1956 and amendments thereto & The Companies Act, 2013, to the extent of such of the provisions as have come into force vide Ministry of Corporate Affairs’ Notification dated September 12, 2013
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depositories	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)
DIN	Directors Identification Number
Director(s) / Our Directors	Director(s) of R&B Denims Limited, unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of Rs.10/- each unless otherwise specified in the context thereof
Executive Directors	Executive Directors are the WholeTime Directors of our Company
GIR Number	General Index Registry Number
Group Companies	The companies, firms and ventures disclosed in “ <b>Our Promoter Group and Group Companies / Entities</b> ” on page 105 promoted by the Promoters, irrespective of whether such entities are covered under section 370(1) (B) of the Companies Act, 1956
HUF	Hindu Undivided Family
ISIN	International Securities Identification Number. In our case being INE012Q01013.
Indian GAAP	Generally Accepted Accounting Principles in India
MOA / Memorandum / Memorandum of Association	Memorandum of Association of R&B Denims Limited as amended
Non Residents	A person resident outside India, as defined under FEMA Regulations
NRIs / Non-Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Peer Review Auditor	Independent Auditor having a valid Peer Review certificate. In our case: M/s. Pradeep Singhi & Associates, Chartered Accountants
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	Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Ankur Borana & Mr. Rajkumar Borana
Promoter Group	The persons and entities constituting the promoter group pursuant to regulation 2(1) (zb) of the ICDR Regulations and disclosed in “ <b>Our Promoter Group and Group Companies / Entities</b> ” on page 105 of this Draft Prospectus..
Registered Office	Block No.,467, Sachin Palsana Road, Palsana, Surat-394315, Gujarat, India
ROC	Registrar of Companies, Gujarat, Dadra & Nagar Havelli
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time

Terms	Description
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on August 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange	BSE Limited (SME Platform)

### ISSUE RELATED TERMS

Terms	Description
Allotment/Allot/Allotted	Issue of the Equity Shares pursuant to this Issue to the successful applicants
Allottee	The successful applicant to whom the Equity Shares are being / have been Issued
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Block Amount (ASBA)	Means an application for subscribing to an Issue containing an authorization to block the application money in a bank account.
ASBA Account	Account maintained by an ASBA Applicant with an SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Applicant	Any Applicant who intends to apply through ASBA
ASBA Application Form	The form, whether physical or electronic, used by an ASBA Applicant to make an application, which will be considered as the application for Allotment for purposes of the Prospectus.
Bankers to the Company	Bank of India, Surat Mid Corporate Branch located at 1st floor, BOI Building, Near BSNL office, Ghod-Dod Road, Surat- 395 007, Gujarat, India.
Bankers to the Issue / Escrow Collection Bank(s)	[●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in <b>“Issue Procedure – Basis of Allotment”</b> on page 200 of this Draft Prospectus
BSE	Bombay Stock Exchange Limited.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the LM, the Registrar to the Issue and the Stock Exchange.
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant / DP	A Depository Participant as defined under the Depositories Act, 1996
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Application Form used by ASBA Applicant and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html</a>
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account or the Refund Account, as appropriate, and the amounts blocked by the SCSBs are transferred from the bank accounts of the ASBA Applicant to the Public Issue Account, as the case may be, after the Prospectus is filed with the ROC, following which the Board of Directors shall Allot Equity Shares to the Allottees.
Designated Stock Exchange	BSE Limited (SME Platform)
DP ID	Depository Participant’s Identity.
Draft Prospectus	The Draft Prospectus dated March 8, 2014 filed with the BSE
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom this Draft Prospectus will constitute an invitation to subscribe for the Equity Shares.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favor the Applicant (excluding the ASBA Applicant) will issue cheque or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement dated [●] entered into amongst the Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof
Escrow Collection Bank(s)	The Banks which are clearing members and registered with SEBI as Bankers to the Issue wherein the Escrow Account(s) of the Company will be opened. In this case being [●].

Terms	Description
HSL	Hem Securities Limited.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	The price at which the Equity Shares are being Issue by our Company under this Draft Prospectus being Rs. 10/- .per Equity Share
LM/Lead Manager	Lead Manager to the Issue, in this case being Hem Securities Limited.
Market Maker	Member Brokers of BSE who are specifically registered as Market Makers with the BSE SME Platform. In our case, Hem Securities Limited (Registration No. SMEMM0024801022013) is the sole Market Maker
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 35,20,000 Equity Shares of Rs. 10/- each for cash at a par aggregating to Rs. 352.00 Lacs.
Non-Institutional Investors / Applicant	Investors other than Retail Individual Investors, NRIs and QIBs who apply for the Equity Shares of a value of more than Rs. 200,000.
OCB / Overseas Corporate Body	A Company, Partnership, Society Or Other Corporate Body owned directly or indirectly to the extent of at least 60% by NRIs, including Overseas Trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCB are not allowed to invest in this Issue.
Prospectus	The Prospectus, filed with the ROC containing, inter alia, the Issue price, the size of the Issue and other information
Public Issue /Issue / Issue Size / Issue	Public Issue of 37,10,000 Equity Shares of Rs. 10/- each for cash at a par aggregating to Rs. 371.00 Lacs.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and from the SCSBs from the bank account of the ASBA Applicant, on the Designated Date.
Qualified Institutional Buyers / QIBs	Public Financial Institutions as specified in Section 2(72) of the Companies Act, 2013, Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investors registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds and AIFs registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA), Provident 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, Insurance funds set up and managed by army, navy or air force of the Union of India, Insurance funds set up and managed by the Department of Posts, India.
Refund Account	Account opened with an Escrow Collection Bank from which the refunds of the whole or part of the Application Amount (excluding to the ASBA Applicants), if any, shall be made.
Refund Banker	[●]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable
Registrar/ Registrar to the Issue	Registrar to the Issue being Bigshare Services Private Limited
Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended
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
Self Certified Syndicate Bank(s) / SCSB(s)	Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and Issue services of ASBA, including blocking of bank account, a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html</a>
Underwriters	The LM and The Market Maker who have underwritten this Issue pursuant to the provisions of the SEBI (ICDR) Regulations and the SEBI (Underwriters) Regulations, 1993, as amended from time to time
Underwriting Agreement	The Agreement dated February 28, 2014 entered between the Underwriters and our Company
Working Day	All days other than a Sunday or a public holiday (except during the Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in India are open for business

**COMPANY AND INDUSTRY RELATED TERMS**

Terms	Description
CTPT	Current Transformer Potential Transformer
DG Sets	Diesel Generator Set
EPCG	Export Promotion Capital Goods Scheme
IIP	Index of Industrial Production
FOB	Free on Board
Ktpa	Kilo-Tonnes per Annum
KVA	Kilo Volt Ampere
MMF	Manmade Fibres
Mtrs.	Meters
MW	Megawatt
Sq. Mtrs.	Square Meters
SSI	Small Scale Industries
T&C	Textile and Clothes Industry
TFO	Two-for-One Twisting Machine
TPA/tpa	Tonnes Per Annum
TPM/tpm	Tonnes per Month
TUFS	Technology Upgradation Fund Scheme
TWRFS	Textile Workers Rehabilitation Fund Scheme
WPI	Wholesale Price Index

**ABBREVIATIONS**

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
AGM	Annual General Meeting
ASBA	Applications Supported by Blocked Amount
AIF	Alternative Investment funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.
AY	Assessment Year
B. A	Bachelor of Arts
B. Com	Bachelor of Commerce
B. E	Bachelor of Engineering
B. Sc	Bachelor of Science
B. Tech	Bachelor of Technology
BG/LC	Bank Guarantee / Letter of Credit
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CS. & CO	Company Secretary & Compliance Officer
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
DP	Draft Prospectus
ECS	Electronic Clearing System
EPS	Earnings Per Share
EGM /EOGM	Extraordinary General Meeting
ESOP	Employee Stock Option Plan
EXIM/ EXIM Policy	Export – Import Policy
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
FIs	Financial Institutions

Abbreviation	Full Form
FII	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
Gol/Government	Government of India
GDP	Gross Domestic Product
HUF	Hindu Undivided Family
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
I.T. Act	Income Tax Act, 1961, as amended from time to time
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
M. A	Master of Arts
M. B. A	Master of Business Administration
M. Com	Master of Commerce
M. E	Master of Engineering
M. Tech	Masters of Technology
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
NA	Not Applicable
NAV	Net Asset Value
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
P.A.	Per Annum
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
STT	Securities Transaction Tax
Sec.	Section
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the Unites States of America
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.

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

### CURRENCY OF FINANCIAL PRESENTATION

In this Draft Prospectus, the terms “we”, “us”, “our”, “the Company”, “our Company”, “Company”, “R&B Denim Limited”, “R&B”, unless the context otherwise indicates or implies, refers to R&B Denim Limited. In this Draft Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “Ten Lac / Lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Draft Prospectus, all figures have been expressed in Lacs. Unless stated otherwise, the financial data in the Draft Prospectus is derived from our financial statements prepared and Restated for the financial year ended 2011, 2012, 2013 and 6 months period ended September 2013 in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2009 included under Section titled “**Financial Information of the Company**” beginning on pageno. 119 of this Draft Prospectus. Our Company has no subsidiaries. Accordingly, financial information relating to us is presented on a Standalone basis. Our fiscal year commences on April 1 of every year and ends on March 31st of every next year.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Draft Prospectus, see the **section Definitions and Abbreviations** on page no.1 of this Draft Prospectus. In the section **titled “Main Provisions of Articles of Association”**, defined terms have the meaning given to such terms in the Articles of Association of our Company.

### USE OF MARKET DATA

Unless stated otherwise, market data used throughout this Draft Prospectus was obtained from Internal Company Reports, Data, Websites, Industry Publications Report. Industry Publication Data and Website Data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company Reports and Data while believed by us to be reliable, have not been verified by any Independent Source.



## FORWARD LOOKING STATEMENTS

We have included statements in the Draft Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

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

- Disruption in our manufacturing facilities
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Disruption in supply of Raw Materials
- Increased in prices of Fuel and Power
- Increase in Prices of Raw Material
- Realisation of Contingent Liabilities
- Occurrence of Environmental Problems & Uninsured Losses
- Increased competition in industries/sector in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans.
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For further discussion of factors that could cause our actual results to differ, see the Section titled "**Risk Factors**" beginning on page 8 of this Draft 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 our 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 Exchange for the Equity Shares allotted pursuant to this Issue.

## SECTION II: RISK FACTORS

An investment in Equity involves a high degree of risk. Investors should carefully consider all the information in this Draft 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 Draft 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 Draft 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 Draft 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" on page 8 and "Management Discussion and Analysis of Financial Condition and Results of Operations" on page 155 of this Draft Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Audited Financial Statements, as Restated" prepared in accordance with the Indian Accounting Standards.

### INTERNAL RISK FACTORS

1. ***There are certain legal proceedings and claims involving our Group Companies and the same are pending at different stages before the Judicial / Statutory authorities. Any rulings by such authorities against our Group Companies may have an adverse material impact on their operations.***

Our Group Companies are involved in certain legal proceedings and claims, which are pending at different stages before the Judicial / Statutory authorities. A summary of the pending proceedings is set forth below. The amounts claimed in these litigations have been disclosed to the extent ascertainable. Any developments in the proceedings or any rulings by such authorities against our Group Companies may have an adverse material impact on our goodwill, results of operations and financial condition:

#### **a. Litigations / Proceedings filed against our Group Companies**

Sr. No.	Nature of Matter*	No. of Matters	Amount (to the extent quantifiable) (Rs in Lacs)
1	Litigation involving Statutory Laws	5	0.14 plus penalty which can be upto 26.72

*\*There are seven pending litigations involving labour laws under which certain alleged unpaid salaries/wages/claims have been claimed against Bhagwati Syntex Pvt. Ltd. Presently the amount is not quantifiable.*

#### **b. Litigations / Proceedings initiated by our Company**

Sr. No.	Nature of Matter	No. of Matters	Amount (to the extent quantifiable) (Rs in Lacs)
1	Litigation involving Statutory Laws	-	2.05

For more information regarding litigations, kindly refer to the Chapter titled "Outstanding Litigations and Material Developments" beginning on page 161 of this Draft Prospectus.

**2. The land on which our Factory & Registered Office is situated is not owned by us.**

Our Registered Office & Factory premise are built on land which is situated at Block No. 467, Sachin Palsana Road, Palsana, Surat-394315, Gujarat, India. We have obtained this land from our Promoters through Lease Deed dated May 12, 2011 wef May 01, 2011 for a period of 36 years for a consideration of Rs.8, 000/-pm and which can be renewed on the basis of mutual consent. However, we cannot give an assurance that our leave and license agreement for the said premises would be renewed on commercially acceptable terms or at all.

**3. Our Company has not been making the required filings with the Registrar of Companies within the stipulated time frame as specified under various sections of Companies Act, 1956.**

We are required to make certain filings with the ROC as per the Companies Act, 1956 which was not been done within the stipulated time period. Due to these delays in filing, our Company had on several occasions made delayed filings and paid the requisite late fees, which are as follows:

S. No	Particulars	Required Filings
1	Under section 293 (1)(d) and section 293 (1)(a) of Companies Act 1956 which was approved by shareholders in EGM as Special resolution held on June 22,2011 for increase in borrowing limits to Rs. 7000. 00 Lacs and creating a charge on the assets of the company	Form 23
2	Allotment of Equity Share u/s 81 (1A) of Companies Act 1956 which was approved by shareholders in EGM as Special Resolution held on June 22, 2011 & April 30, 2012	Form 23
3	Adoption of new set of Articles of Association which was approved by shareholders in EGM as Special Resolution held on November 22, 2010	Form 23

Our Company has recently appointed Mr. Pradip Dave as Company Secretary and Compliance Officer and he is in the process of stream lining the system to ensure that requisite filings are done within the stipulated time in future with the requisite authorities.

**4. Our Company and Officers in default have filed application under section 621A of Companies Act, 1956 for compounding of Offence under Section 295 (Loans to Directors) of Companies Act, 1956.**

Our company in past has given Loan to our Directors and Related Entities of our Promoters/Directors and these loans were later repaid. The details of the loans given are as follows:

(Rs. In Lacs)

Particular	Relation	For 6 months period ended 30-Sep-2013	For the Year ended		
			31-Mar-13	31-Mar-12	31-Mar-11
Mr. Amit Dalmia	Director	Nil	Nil	18.00	Nil
Mr. Deepak Dalmia	Director	Nil	Nil	18.00	Nil
Related Entities of Promoters/Directors	Related Entities	Nil	Nil	143.25	100.00
For Details refer Annexure – U titled “Related Party Transactions” on page 144					

Our company had not complied with provisions of sec 295 of the Companies Act 1956 at the time of giving loans to Directors and Related Entities of our Promoters/Directors. Pursuant to the provision of sec 295 of the Companies Act 1956, the person in default may be punishable with fine which may extend to Rs.50,000/-or imprisonment for a term which may extend to six month. However, as per sec 295 of the Companies Act 1956 if the loan is repaid in full then no punishment by way imprisonment shall be imposed. In our case the loan was repaid in full and we and officer in default are liable for punishment with fine only accordingly our Company and Officers in default have filed application under section 621A with ROC for Compounding of Contraventions of the provisions of sec 295 of the Companies Act 1956.

We have nether received any notice nor has any action has been initiated against us by ROC/MCA for violations of provision sec 295 of the Companies Act 1956. The compounding application filed by us is pending before regulatory authorities.

**5. For the FY 2012-13, our Company had not made provision for Gratuity Payment as required under The Payment of Gratuity Act 1972 and thereby has not complied with AS-15- Employee Benefits as issued by ICAI.**

We had not made provision for Gratuity Payment as required under The Payment of Gratuity Act 1972 and thereby has not complied with AS-15- Employee Benefits as issued by ICAI. We cannot assure that any action will not be taken against us by competent authority. However till date no action has been initiated against us. Also, we have arrived at Value of Gratuity as valued by M/s. K.K. Pandit, Certified Actuaries vide their report dated February 12, 2014 and made adjustment of same in our restated accounts.

- 6. We have not entered into any long term supply agreement for the major raw material (Cotton & Synthetic Yarn) required for manufacturing of Denim Textile. Also volatility in the prices and non availability of these raw materials may have an adverse impact in our business.**

Our prime raw material for manufacturing of Denim Textile is Cotton & Synthetic Yarn which constitutes 77.13% & 90% of our Total Expenses for FY 13 and half year ended on September 30, 2013 respectively. We generally procure our raw material from domestic suppliers as and when it is required. In the absence of long term agreement with our suppliers, we may not be able to meet our raw material requirement on time. Also we believe, that volatility in the prices of raw material will have an impact on all the manufacturers in the denim industry and any adverse change in the purchase price would lead to a near corresponding adjustment in the selling price as well. However, we acknowledge that we are exposed to and will have to absorb any fluctuations in the prices of raw materials partially which will affect our margins.

- 7. We have high Working Capital requirements. Our inability to meet our working capital requirements may have a material adverse effect on our business, financial condition and results of operations.**

Our business requires a significant amount of working capital which depends upon timely realization of our debtors and availability of cash. For instance, as for FY 13 and half year ended on September 30, 2013, our working capital was Rs. (402.60) Lacs & Rs. 351.04 Lacs respectively. On an average, our debtors are realized over 30-40 days. Our inability to meet our working capital requirements can adversely impact our business.

- 8. Our company is promoted by First Generation Entrepreneurs in the Denim Industry.**

Our company is promoted by Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana who are first generation entrepreneurs and have limited experience in Denim Industry. However, our promoter groups are Rawatkhedhia and Borana Group, which are well known names in the Surat Textile Industry for last 30 years. Rawatkhedhia group was established by Mr. Anand Dalmia and is into textile processing (Weaving, Printing & Embroidery) and Trading of Sarees/Dress materials at Surat. Borana group, promoted by Mr. Mangilal Borana is into manufacturing of Grey Fabrics and Paper.

- 9. We are highly dependent on our Top 10 suppliers for uninterrupted supply of Raw-Materials. Any disruption in supply of raw materials from these suppliers will adversely affect our operations.**

We are highly dependent on Cotton Yarn and Synthetic Yarn, which are the prime raw material for Denim Textile. We procure our supply of raw materials from various suppliers depending upon the price and quality of raw materials. However our Top 10 supplier contributes significantly to supply of raw materials. Any disruption of supply of raw materials from these suppliers will adversely affect our operations. The contributions of our top 10 suppliers are as follows:

Particulars	For 6 months ended September 30, 2013	Year ended March – 13	Year ended March - 12	Year ended March – 11
Top Supplier (%)	16.97	20.62	Commercial production was not started	
Top 10 Suppliers (%)	70.13	86.52		

- 10. Our business is substantially dependent on certain key clients from whom we derive a significant portion of our revenues. The loss of any significant clients may have a material and adverse effect on our business and results of operations.**

While we are constantly striving to increase our customer base and reduce dependence on any particular customer, there is no assurance that we will be able to broaden our customer base in any future periods or that our business or results of operations will not be adversely affected by a reduction in demand or cessation of our relationship with any of our major customers. Also we are highly dependent on one customer who significantly contributes to our revenues. The percentage of sales derived from top customers in recent periods is given below:

Particulars	For 6 months ended September 30, 2013	Year ended March – 13	Year ended March - 12	Year ended March – 11
Sales to Top Customer (%)	14.80	23.28	Commercial production was not started	
Sales to Top 10 Customers (%)	88.71	92.75		

- 11. We rely significantly on our Dealer network for sale of our products. Also we do not have any formal agreement with them.**

We sell our products through our network of dealers. We sell our products in the states of Delhi, Maharashtra, Gujarat, West Bengal & Karnataka through our 8 dealers. As on date, we do not have any formal agreement with them. In the absence of any formal agreement with them, these dealers may terminate our arrangement any time which may adversely affect our ability to sell

our products. Furthermore, our business growth depends on our ability to attract additional dealerships and widen our dealer network. While we believe, that we have good relations with our dealers but there is no assurance that our current dealers will continue to do business with us or that we can continue to attract additional dealers to our network. If we do not succeed in maintaining the stability of our dealer network, our market share may decline, materially affecting our results of operations and financial condition.

**12. Currently we have an aggregate outstanding export obligation of Rs. 615.99 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. 615.99 Lacs which needs to be fulfilled. This amount pertains to various Capital Assets imported at Concessional/Zero rate of Import Duty under the EPCG scheme. The details of the licenses and outstanding export obligations are as follows:

Sr. No.	EPCG License No.	Date of Issue	Duty Saved Amount in (Rs.)	Amount of Export Obligations in US\$			Period till which obligation has to be completed from date of Issue
				Obtained	Completed	Pending	
1	5230009150/2/11/00	6/7/2011	141.47	2479169.3	NIL	24.792	8 Years
2	5230009796/2/11/00	29/11/2011	107.90	1724714.2	NIL	17.247	8 Years
3	5230010092/2/11/00	1/3/2012	8.52	135698.48	NIL	1.357	8 Years
4	5230011317/2/11/00	7/3/2013	34.98	506453.86	NIL	5.065	8 Years
5	5230011624/2/12/00	6/5/2013	180.11	1966619.8	NIL	19.666	6 Years
6	5230011874/2/12/00	5/6/2013	125.24	1378822.6	NIL	13.788	6 Years
7	5230011995/2/12/00	24/06/2013	15.04	163159.63	NIL	1.632	6 Years
8	5230012103/2/12/00	5/7/2013	2.74	29676.45	NIL	0.297	6 Years
<b>TOTAL</b>			<b>615.99</b>			<b>83.843</b>	

**13. Our indebtedness, including various conditions and restrictions imposed on us under our financing agreements, could adversely affect our ability to grow our business or react to changes in our business environment.**

As on September 30, 2013, our Total Debts was Rs.4359.58 Lacs and Debt Equity Ratio was 1.76 and as on March 31, 2013, our Total Debts was Rs.2449.98 Lacs and Debt Equity Ratio was 1.31. For further details, please see **Restated Financial Statements** beginning on page 119 of this Draft Prospectus.

Our indebtedness could:

- Require us to dedicate a substantial portion of our cash flow from operations to payments in respect of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures;
- Increase our vulnerability to adverse general economic or industry conditions;
- Limit our flexibility in planning for, or reacting to, competition and/or changes in our business or our industry;
- Limit our ability to borrow additional funds;
- Restrict us from making strategic acquisitions, introducing new services or exploiting business opportunities; and
- Place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

There can be no assurance that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt or fund our planned capital expenditures. In addition, we may need to refinance some or all of our indebtedness on or before maturity.

**14. Our lenders have charge over our movable and immovable properties in respect of finance availed by us.**

We have secured our lenders by creating a charge over our movable and immovable properties in respect of loans / facilities availed by us from banks and financial institutions. The total amounts outstanding and payable by us as secured loans were Rs. 3250.86 Lacs as on 30th September, 2013. In the event we default in repayment of the loans / facilities availed by us and any

interest thereof, our properties may be forfeited by lenders. For further information on the **Financial Indebtness** please refer to page 153 of this Draft Prospectus.

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

Our Company requires certain statutory and regulatory registrations, licenses, permits and approvals for our business. In future, we shall be required to renew such registrations and approvals and obtain new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals, as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the time frame anticipated by us or at all. Failure to obtain and renew such registrations and approvals with statutory time frame attracts penal provisions. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues, profits and operations and profits. For further details see section on **“Government and Other Approvals”** beginning on page 168 of the Draft Prospectus. Following are details of approvals which are pending:

Particulars	Status
Factory License under Factories Act, 1949	Applied for Renewal of License
Intellectual property Approvals	Pending for Registration
Approval of Specifications for CTPT Unit of 0.2s Accuracy Class for the Purpose of Power Purchase Under Open Access as required by Dakshin Gujarat Vij Company Limited	In process of complying with same

**16. Non-compliance of the terms and conditions in the Approvals, Licenses and Registrations may affect our operations.**

Certain licenses and registration obtained by our Company including but not limited to the Import Export licenses and environment related consents/authorizations contain certain terms and conditions, which are required to be complied with by our Company. In the event of a default by our Company in complying with the same, it may result in the cancellation of such licenses, consents, authorizations and/or registrations which may adversely affect our operations and financial strength.

**17. Any change in government laws could affect the flow of our operations and disrupt our business activities.**

Our Company needs to comply with many varied laws/regulations due to the nature of business that we conduct. These laws are subject to change at the discretion of the Government. Our Company may be subject to increased expenses to comply with such changes in the applicable laws which may affect the flow of our operations. Failure to do so may also induce our Company to incur penalties.

**18. Our manufacturing activities are dependent upon availability of skilled and unskilled labour.**

Our manufacturing activities are dependent on availability of skilled and unskilled labour. Non-availability of labour at any time or any disputes with them may affect our production schedule and timely delivery of our products to customers which may adversely affect our business and result of operations.

**19. Strikes, Work stoppages or increased wage demands by our employees or any other kind of disputes with our employees could adversely affect our business and results of operations.**

Our Company is exposed to strikes and other industrial actions. As on January 31, 2014, our Company has 220 full-time employees including workers at our manufacturing units. At present, we enjoy a good relationship with our employees. However, there can be no assurance that we may not experience disruptions in our operations due to disputes or other problems with our work force such as strikes, work stoppages or increased wage demands that may adversely affect our business and results of operations.


**20. We have limited operating history which makes it difficult for investors to evaluate our historical performance or future prospects.**


Our company was incorporated on November 17, 2010 and commenced our commercial production in FY 12-13 and thus has very limited track record and history. With our limited track record, it will be difficult for investors to evaluate our historical performance and future prospects.

**21. Our Promoters have given personal guarantees and have secured their personal properties in relation to Debt facilities provided to us.**

Our Promoters of our Company namely Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana have provided personal guarantee and No Objection Certificate for creation of Charge on Land on which our registered office and Factory Building is built in relation to our secured debt facilities availed from Bank of India. In an event our Promoters/ Directors withdraw or terminates his/their guarantee/s or security of personal properties, the lender for such facilities may ask for alternate guarantee/s or securities or for repayment of amounts outstanding under such facilities or even terminate such facilities. We may not be successful in procuring guarantee/s or collateral securities satisfactory to the lender and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital which could adversely affect our financial condition. For more information please see the chapter titled **"Financial Indebtedness"** beginning on page 153 of this Draft Prospectus. Credit facility availed by us from Banks may be recalled or revoked at any time.

Pursuant to certain loan facilities availed by us, the bank reserves the right to recall and /or revoke the facilities in full or in parts without notice or giving any reason. We cannot assure you that we will have adequate funds at all times to repay credit facility and may also be subject to the payment of higher penal interest. Moreover, our ability to borrow and the terms of our borrowings depend on our financial condition, the stability of our cash flows and our capacity to service debt in a rising interest rate environment. We may not be successful in obtaining these additional funds in a timely manner, or on favourable terms or at all, which could adversely affect our results of operations. For further details, see **"Financial Indebtedness"** on page 153 of this Draft Prospectus.

**22. A few trademarks  of our Company have not been registered. Consequently we may not be able to effectively protect our intellectual property.**

We have filed applications for registration of our company trademarks , which are pending with the Registrar of Trademarks. Their status as on the date of this Draft Prospectus is **'Advertised Before Acceptance'**. Consequently, our applications for the registration of such trademarks may be opposed by third parties. In the event we are not able to obtain registrations in respect of such trade mark applications, we may not be able to obtain statutory protections available under the Trade Marks Act, 1999, as otherwise available for registered logos and trademarks. Consequently, we are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party.

For details on the trademark applications, kindly refer to **"Government Approvals"** appearing on page 168 of this Draft Prospectus.

**23. We cannot assure you that we will be able to secure adequate financing in future on acceptable terms, in time, or at all.**

We may require additional funds in connection with future business expansion and development initiatives. In addition to the our existing available funds, we may need additional sources of funding to meet our future requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of any of our business development plans and this may affect our business and future results of operations.

**24. Our business depends on our manufacturing facility and any loss of or shutdown of operations of the manufacturing facility on any grounds could adversely affect our business or results of operations.**

Our manufacturing facilities are subject to operating risks, such as breakdown or failure of equipment, interruption in power supply or processes, shortage of raw materials, performance below expected levels of output or efficiency, natural disasters, obsolescence, labour disputes, strikes, lockouts, severe weather, industrial accidents, our inability to respond to technological advances and emerging industry standards and practices in the industry and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results, and the loss or shutdown of operations at our manufacturing facility will have a material adverse affect on our business, financial condition and results of operations.

**25. Our existing manufacturing facility are geographically located near Surat, Gujarat and therefore, any localized social unrest, natural disaster or breakdown of services or any other natural disaster could have material adverse effect on our business and financial condition.**

Our existing and proposed manufacturing facilities are based near Surat, Gujarat. As a result, any localized social unrest, natural disaster or breakdown of services and utilities in and around Surat, Gujarat could have material adverse effect on our business, financial position and results of operations.

**26. 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 insurance policies currently consists of comprehensive coverage for plant & machinery, building, stocks for risks relating to fire, natural calamities, burglary, machinery breakdown etc. details of which are disclosed on page no.79 of this Draft Prospectus. While we believe that the insurance coverage that we maintain is adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies preferred 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.

**27. Our Promoters, Directors & Key Management Personnel may have interest in our Company, other than reimbursement of expenses incurred or remuneration.**

Our Promoters, Directors & Key Management Personnel may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities and benefits deriving from their directorship in our Company. Our Promoters are also interested in the certain transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please refer to the chapters titled **“Business Overview”** and **“Our Promoters”**, beginning on page 68 and 101 respectively and the **Annexure – U** titled **“Related Party Transactions”** on page 144 under chapter titled **“Financial statements”** beginning on page 119 of this Draft Prospectus.

**28. There is no monitoring agency appointed by Our Company and the deployment of funds are at the discretion of our Management and our Board of Directors, though it shall be monitored by our Audit Committee.**

As per SEBI (ICDR) Regulations, 2009, as amended, appointment of monitoring agency is required only for Issue size above Rs.50, 000 Lacs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of Clause 52 of SME Listing Agreement. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the BSE Limited and shall also simultaneously make the material deviations / adverse comments of the audit committee to public.

**29. We are dependent on our directors and senior management and our inability to retain them and attract new key personnel may have an adverse impact on the functioning of our business.**

Our success is substantially dependent on the expertise and services of our Directors namely Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana and other members of our management team. We cannot assure you that we will be able to retain any or all of the key members of our management. In the event we lose the services of any of the key members of our management, our business may be materially and adversely affected. For further details of our directors and management, please see the section **“Our Management”** beginning on page 89 of this Draft Prospectus.

**30. Any increase in or occurrence of our contingent liabilities may adversely affect our financial condition.**

As of September 30, 2013 our contingent liabilities as indicated in our restated summary statements were as follows:

Particulars	Amount (Rs. in Lacs)
<b>Guarantees in respect of Deposit</b>	
Dakshin Gujarat Vij Company Limited, Surat	35.34
Dakshin Gujarat Vij Company Limited, Surat	45.49
<b>Performance Guarantee</b>	
Director of Foreign Trade, New Delhi	7.03
Director of Foreign Trade, New Delhi	0.63
Commissioner of Customs, Nhava Seva, Mumbai	133.50
Director of Foreign Trade, New Delhi	12.72
Director of Foreign Trade, New Delhi	2.80
Commissioner of Customs, Nhava Seva, Mumbai	3.00
Director of Foreign Trade, New Delhi	19.00
Director of Foreign Trade, New Delhi	1.07



Director of Foreign Trade, New Delhi	8.30
Director of Foreign Trade, New Delhi	0.20
<b>Total</b>	<b>269.08</b>

Any increase in our contingent liabilities or occurrence of these liabilities may materially and adversely affect our financial position, results of operations and cash flows.

**31. We have entered into certain transactions with related parties. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.**

We have entered into certain transactions with related parties, including our Group Companies, our Directors and our Key Managerial Personnel and their relatives and may continue to do so in future. For absolute value of all transactions entered into with our related party entities please refer to **Annexure U “Statement of Related Party Transactions”** on page 144 of this Draft Prospectus. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

**32. Some of our Group Companies are engaged in the line of business similar to our Company. There is no non- compete agreements between our Company and such other Group Companies. We cannot assure that our Promoters will not favour the interests of the said Group Companies over our interest or that the said companies will not expand which may increase our competition, which may adversely affect business operations and financial condition of our Company.**

Our Group Companies viz. Rawatkhedha Processors Pvt Ltd, Rawatkhedha Silk Mill Pvt Ltd, Bhagwati Syntex Pvt Ltd, Borana Filament Pvt Ltd are engaged in the kind of activities similar to our Company. Further, we have not entered into any non-compete agreement with any of our said group companies. We cannot assure you that our Promoters who have common interest in such other group companies would not favour the interest of the said companies or such companies would not expand, which may adversely affect our profitability and results of operations. For further details, please refer to paragraph “**Common Pursuits**” on 103 of this Draft Prospectus

**33. Some of our Promoter Group Companies have incurred losses in the last three fiscal years.**

The following Group Companies had incurred losses in the last three fiscal years as set forth below:

(Rs in Lacs)

Particulars	March 31, 2013	March 31, 2012	March 31, 2011
Mayfair Vinimay Pvt Ltd.	(0.05)	(0.21)	Nil
Rawatkhedha Processors Pvt Ltd.	(7.10)	Nil	Nil
Rawatkhedha Silk Mill Pvt Ltd.	(0.04)	(2.25)	Nil
Bhagwati Syntex Pvt Ltd.	(2.20)	(23.24)	(5.98)
Borana Filament Pvt Ltd.	(1.81)	(9.86)	(8.22)
Sachin Paper Mills Pvt Ltd.	Nil	(2.27)	Nil

**34. Our Promoter and the members of our Promoter Group will continue to retain significant control in the Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval. Our Promoter and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.**

As of September 30, 2013, our Promoter and the members of our Promoter Group held approximately 56.95 % of the issued equity share capital of the Company. After completion of the Issue, our Promoter and the members of our Promoter Group will hold 41.85 % of the equity shares capital of the Company and continue to retain a significant control of our Company. As a result, our Promoter and our Promoter Group will have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company’s best interest. In addition, for so long as our Promoter and the members of our Promoter Group continue to exercise significant control over the Company they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. Our Promoter and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

**35. We have negative Cash flow in past.**

Cash Flow of a Company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources.

Particulars	For 6 months period ended 30-Sep-2013	(Rs in Lacs) For the Period ended on		
		31-Mar-13	31-Mar-12	31-Mar-11
Net Cash flow from /(used in) Operating activities	(583.74)	1,425.03	175.39	(3.54)
Net Cash flow from /(used in) Investing activities	(2,421.13)	(213.22)	(2,750.36)	(275.12)
Net Cash flow from /(used in) Financing activities	2,774.56	(860.96)	2,467.81	499.10

Any operating losses or negative cash flow could adversely affect our results of operations and financial conditions. Our Company is a new company and is in initial phases of its life cycle where the cash flows are generally negative as a lot of investments are required to be made initially in setting up business.

**36. We have applied for renewed Credit Ratings for our secured loans availed from Bank of India. We cannot assure you that our renewed credit rating will be favourable for continuing our loan facilities taken from bank.**

We have availed secured loans from Bank of India and ICRA Limited vide its report dated March 5, 2013 has assigned rating of [ICRA] B+ for our long term bank facilities and [ICRA] A4 for our short term bank facilities having validity till February 14, 2014 and we have applied for renewed ratings with ICRA Limited. However we cannot assure that our renewed credit ratings would be favourable for continuing our loan facilities taken from bank.

**37. Our Company has taken an unsecured loan from of our Promoters - Mr. Amitkumar Dalmia & Mr. Deepak Dalmia. The total outstanding amount of which as on September 30, 2013 is Rs.120.00 Lacs. The MOU as entered between our Company and the Lender provides for a notice of 3 months for its re-payment. However, incase our Promoter recalls the said loan at a shorter notice, it may have an adverse affect on our cash flow and financial condition.**

Our Promoters viz. Mr. Amitkumar Dalmia & Mr. Deepak Dalmia had given an unsecured loan to our Company NIL interest rate p.a. The total outstanding amount of which as at September 30, 2013 is Rs.120.00 Lacs. **The MOU as entered between our Company and the Lender provides for a notice of 3 months for its re-payment.** If the loan is recalled on a notice, our Company may have to, on an urgent basis arrange for equivalent funds to fulfill the necessary requirements. Inability of our Company to do so may require creating a security for the said loan. The occurrence of these events may have an adverse effect on our cash flow and financial conditions. For more details regarding the loan, please refer the chapter titled **"Financial Statements"** beginning on page 119 of this Draft Prospectus.

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

Modernisation and technology Upgradation is essential in our industry to reduce costs and increase productivity. With latest technology and advancement of methods and machineries, our existing technology and machineries may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may lose our competitive edge. Although we strive to keep our technology, plant and machinery in line with the latest technological standards, we may be required to implement new technology or upgrade the machineries and other equipment's employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries are significant which could substantially affect our finances and operations.

**39. We are highly dependent on smooth supply and transportation and timely delivery of our products from our manufacturing facilities to our customers. Various uncertainties and delays or non delivery of our products will affect our sales.**

We depend on transportation services to deliver our products from our manufacturing facilities to our customers. We rely on third parties to provide such services. Disruptions of transportation services because of weather related problems, strikes, lock-outs, inadequacies in road infrastructure or other events could impair our procurement of raw materials and our ability to supply our products to our customers which in turn may adversely affect our business operations and our financial condition.

**40. We face competition from Organized, Unorganized as well as International players.**

Our industry is highly unorganized and we face competition from organized, unorganized and International players. We face competition from various domestic and international players. Internationally there is competition from Asian peers such as China,

Bangladesh and Vietnam who are lower cost manufacturers of denims and also enjoy more favourable duty structure on exports. According to Denim Club India, there are around 35-40 Denim Mills in India with total capacity of around 870 million meters pa. Domestically, we face compete against organised as well unorganised players. Excess Competition in certain markets may have a material adverse effect on our operations.

**41. Our inability to implement our growth strategy or manage our growth could affect our future business.**

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 business strategy 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 inability to successfully implement our strategies will affect our future business.

**42. The shortage or non-availability of power may adversely affect the manufacturing processes and our performance may be affected adversely.**

Our manufacturing processes requires substantial amount of power. Our manufacturing facilities may face power interruptions due to power cuts and as a result our operations or financial condition may be adversely affected. However, the area in which our manufacturing facility is located ie. Sachin-Palsana (Surat) doesn't experience frequent power cuts and we have an D.G Set with capacity of 250KVA as standby arrangement.

**43. The new Companies Act, 2013 is in the process of being implemented and any developments in the near future may be material with respect to the disclosures to be made in this Draft Prospectus as well as other rules and formalities for completing the Issue.**

The Companies Act, 2013 has been published on August 29, 2013 and Section 1 of the said Act was notified on August 30, 2013 while 98 more sections were notified as on September 12, 2013. Though we have incorporated the relevant details pertaining to the new Companies Act, 2013 (to the extent notified) in this Draft Prospectus, any further notifications by the MCA after our filing of this Draft Prospectus may be material with respect to the disclosures to be made in this Draft Prospectus as well as other rules and formalities for completing the Issue. The Companies Act, 2013 is expected to replace the existing Companies Act, 1956. The Companies Act, 2013 provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, and the requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act, 2013 is expected to be complemented by a set of rules that shall set out the procedure for compliance with the substantive provisions of the Companies Act, 2013. In the absence of such rules, it is difficult to predict with any degree of certainty the impact, adverse or otherwise, of the Companies Act, 2013 on the Issue, and on the business, prospects and results of operations of the Company

## **EXTERNAL RISK FACTORS**

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

Our results of operations and financial condition are dependent on, and have been adversely affected by, conditions in financial markets in the global economy and, particularly in India. The Indian economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, business corruption, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, inflation, commodity and energy prices and various other factor Any slowdown in the Indian economy may adversely affect our business, financial condition, results of operations and the price of our Equity Shares.

**45. Regulatory changes with regard to Direct/Indirect taxes may adversely affect our performance or financial conditions.**

Regulatory changes relating to business segments in which we operate in India can have a bearing on our business. Each State in India has different local taxes and levies which may include value added tax, sales tax and octroi. Changes in these local taxes and levies may impact our profits and profitability. Any negative changes in the regulatory conditions in India or our other geographic markets could adversely affect our business operations or financial conditions.

**46. Instability of economic policies and the political situation in India or elsewhere could adversely affect the fortunes of the industry.**

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies governing the private sector over the past several years.

Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in the Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

**47. Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and adversely affect the financial markets and our business.**

Terrorist attacks, civil unrest and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. In addition, the Asian region has from time to time experienced instances of civil unrest and hostilities among neighboring countries. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, such as the attacks in Mumbai in November 2008 and in July 2011, may result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

**48. The occurrence of natural disasters may adversely affect our business, financial condition and results of operations.**

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires and pandemic disease may adversely affect our financial condition or results of operations. The potential impact of a natural disaster on our results of operations and financial position is speculative, and would depend on numerous factors. The extent and severity of these natural disasters determines their effect on the Indian economy. Although the long term effect of diseases such as the H5N1 "avian flu" virus, or H1N1, the swine flu virus, cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. An outbreak of a communicable disease in India would adversely affect our business and financial conditions and results of operations. We cannot assure you that such events will not occur in the future or that our business, financial condition and results of operations will not be adversely affected.

**49. Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business.**

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

**50. Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.**

Our Company may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 ("IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 32 Indian Accounting Standards are to be converged with IFR. The date of implementation of such converged Indian accounting standards has not yet been determined and will be notified by the Ministry of Corporate Affairs after various tax related issues are resolved. We have not yet determined with certainty what impact the adoption of IFRS will have on our financial reporting. Our financial condition, results of operations, cash flows or changes in the shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period.

**51. We have not independently verified certain data in this Draft Prospectus.**

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India and its economy are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable. These facts and other statistics include the facts and statistics included in "Summary of Industry" and "Industry Overview" on pages 21 and 61 of this Draft Prospectus respectively. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

**Prominent Notes:**

1. Public Issue of 37,10,000 Equity Shares of Face Value of Rs. 10/- each of our Company for cash at par aggregating to Rs. 371.00 Lacs of which 1,90,000 Equity Shares of Face Value of Rs. 10/- each aggregating to Rs.19.00 Lacs will be reserved for subscription by Market Maker (“**Market Maker Reservation Portion**”). The Issue Less the Market Maker Reservation Portion ie. Issue of 35,20,000 Equity Shares of Face Value of Rs. 10/- at par aggregating to Rs. 352.00/- Lacs is hereinafter referred to as the “**Net Issue**”. The Issue and the Net Issue will constitute 26.51% % and 25.15 %, respectively of the Post Issue Paid up Equity Share Capital of our Company.
2. This Issue is being made for at least 25% of the Post- Issue Paid-up Equity Share Capital of our Company, pursuant to Rule 19(2) (b) (i) of the Securities Contracts (Regulation) Rules, 1957 as amended. This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, since our is a fixed price issue ‘the allocation’ is the net issue to the public category shall be made as follows:
  - a) Minimum fifty percent to Retail Individual investors; and
  - b) Remaining to Individual applicants other than Retail Individual Investors; and other Investors including Corporate Bodies or Institutions, irrespective of the number of specified securities applied for;
  - c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.

3. The Net worth of our Company as on September 30, 2013 and March 31, 2013 was Rs.2476.94 Lacs and Rs.1864.44 Lacs respectively. For more information, see the section titled “**Financial Statements**” beginning on page 119 of this Draft Prospectus.
4. The NAV / Book Value per Equity Share, based on Standalone Restated Financials of our Company as September 30, 2013 and March 31, 2013 was Rs.29.86 per share and Rs.29.62 per share respectively. For more information, see the section titled “**Financial Statements**” beginning on page 119 of this Draft Prospectus.
5. The average Cost of Acquisition of Equity Shares by our Promoters is set out below:

Name of our Promoters	Number of Equity Shares Held	Average Cost of Acquisitions (Rs)
Mr. Amitkumar Dalmia	5,49,171	8.18
Mr. Deepak Dalmia	5,49,168	8.18
Mr. Rajkumar Borana	9,42,921	5.69
Mr. Ankur Borana	9,42,918	5.69

As certified by our Statutory Auditor vide their certificate dated February 28, 2014. For Further details, please refer to “**Capital Structure**” on page 34 of this Draft Prospectus.

6. We have entered into various related party transactions with related parties including various Promoter group companies/entities for the period ended September 30, 2013. For nature of transactions and other details as regard to related party transactions. Section titled “**Financial Statements - Annexure U - Statement of Related Parties Transactions, as Restated**” on page 144.
7. None of our Group companies have any business or other interest in our Company, except as stated in section titled “**Financial Statements - Annexure U - Statement of Related Parties Transactions, as Restated**” on page 144 and “**Our Promoters and Group Entities**” on page 105 and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
8. Our Company was originally incorporated on November 17, 2010, as “R & B Denims Private Limited” under the provisions of the Companies Act, 1956 with the Registrar of Companies, Gujarat, Dadra & Nagar Havelli. Subsequently, our Company was converted into a public limited company pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on December 15, 2010 and the name of our Company was changed to “R&B Denims Limited” vide a fresh Certificate of Incorporation dated March 8, 2011 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Havelli. The Corporate Identification Number of our Company is U17120GJ2010PLC062949. For details of the changes in our name and Registered Office, please see section titled “**History and Certain Corporate Matters**” on page 87 of this Draft Prospectus.

9. None of our Promoters, Promoter Group, Directors and their relatives has entered into any financing arrangement or financed the purchase of the Equity Shares of our Company by any other person during the period of six months immediately preceding the date of filing of Draft Prospectus.
10. Our Company, Promoters, Directors, Promoter Group, Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI nor they have been declared as willful defaulters by RBI / Government authorities. Further, no violations of securities laws have been committed by them in the past or pending against them.
11. Investors are advised to see the paragraph titled “**Basis for Issue Price**” beginning on page 50 of this Draft Prospectus.
12. The Lead Manager and our Company shall update this Draft Prospectus / Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Draft Prospectus and commencement of trading.
13. Investors are free to contact the Lead Manager i.e. Hem Securities Limited 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.
14. In the event of over-subscription, allotment shall be made as set out in paragraph titled “**Basis of Allotment**” beginning on page 200 of this Draft 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.
15. 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 our company 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. For further details please see the chapter titled “**Our Management**” on page 89 of this Draft Prospectus.
16. 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 see “**Financial Information**” beginning on page [●] of this Draft Prospectus.

## SECTION III: INTRODUCTION

### SUMMARY OF OUR INDUSTRY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Draft Prospectus, including the information contained in the chapter titled “**Risk Factors**” and “**Financial Statements of the Company**” and related notes beginning on page 8 and 119 of this Draft Prospectus before deciding to invest in our Equity Shares.

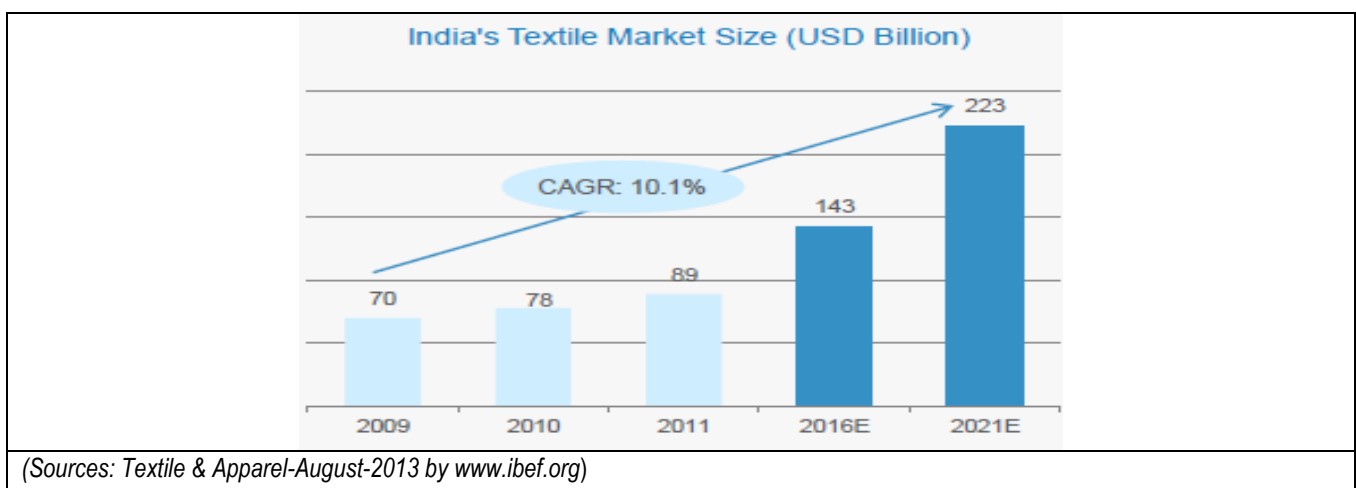
#### Introduction

Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country. It contributes about 14% to the industrial production, 4% to the GDP and 11% to the country’s export earnings. The textile sector is the second largest provider of employment after agriculture. The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms/ hosiery and knitting sector 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 woolen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

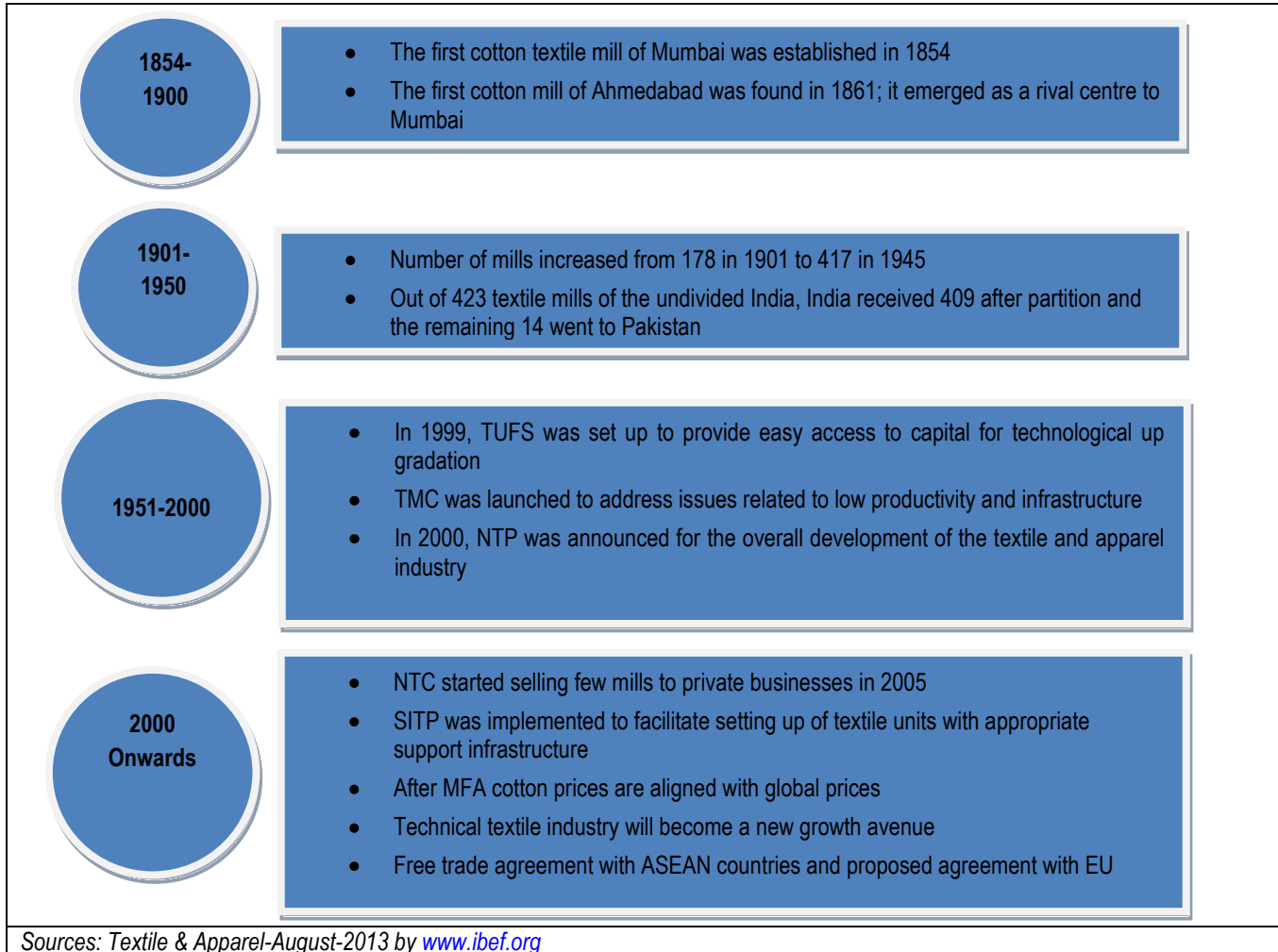
#### HIGHLIGHTS:

1. Textile plays major role in the Indian economy
2. It accounts for 27 per cent of foreign exchange inflows.
3. It contributes 14 per cent to industrial production and 4 per cent to GDP
4. With over 45 million people, the industry is one of the largest source of employment generation in the country
5. The industry accounts for nearly 11 per cent of total exports
6. The fundamental strength of the textile industry in India is its strong production base of wide range of fibre / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic.
7. India is the world’s second largest producer of textiles and garments.
8. Indian textile industry accounts for about 24 per cent of the world’s spindle capacity and eight per cent of global rotor capacity.
9. India has the highest loom capacity (including hand looms) with 63 per cent of the world’s market share
10. India accounts for about 14 per cent of the world’s production of textile fibre and yarns (largest producer of jute, second largest producer of silk and cotton; and third largest in cellulosic fibre)

The size of India’s textile market in 2011 was USD89.0 billion; the market is expected to expand at a CAGR of 10.1 per cent over 2009–21.



## Evolution of Indian Textile Industry



**Denims Mills in India:** According to Denim Club India, there are around 35-40 Denim Mills in India with total capacity of around 870 million meters pa. Following are list of some Denim Mills.

Sr. No	Denim Mill	Capacity (Million Meters Per Annum)
1	Aarvee Denims And Exports Ltd	85
2	Arvind Limited	110
3	Ashima Group - Unit Denim	10
4	Bhaskar Industries Limited	42
5	Blue Blends (India) Ltd.	18
6	Century Textile and Industries Ltd.	20
7	Etco Denim Pvt. Ltd.	50
8	Ginni International Ltd.	18
9	Jindal Worldwide Limited	20
10	Kanchan India Limited	20
11	KG Denim Limited	19
12	KG Fabriks Limited	12
13	LNJ Denim	18
14	Mafatlal Industries Limited	30

Src: <http://www.denimclubindia.org>



## SUMMARY OF OUR BUSINESS

The following information should be read together with the information contained in the sections titled “*Risk Factors*”, “*Industry Overview*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Information*” on pages 8,61, 155 and 119 respectively, of this Draft Prospectus.

Our company was incorporated on November 17, 2010 and we are into business of Manufacturing and Sale of quality Denim Textile. We started our commercial production in the FY 2012- 13 and have achieved the turnover of Rs. 6000.00 lacs in the first year itself. Today we are manufacturing various types of Denims ranging from 9 to 14 Oz/sq.yd and with Open End/ Ring Spun Yarns, Slub Yarns, Multi Count, Cottons and Polyester Spandex with Indigo Bottom Sulphur Toppings and Sulphur Bottom and Indigo Toppings with both Foam and Wet finishes at our state of art facility located near Surat, Gujarat. Our current installed capacity is 1.25 million meters pa. Moving forward, we intend to manufacture premium quality denim fabric and tap new markets.

Our Company is a promoted by the promoters of Rawatkhedha and Borana Group, which are well known names in the Surat Textile Market for last 30 years. Rawatkhedha group was established by Shri. Anand Dalmia and is into Textile Processing (Weaving, Printing & Embroidery) and Trading of Sarees/Dress materials at Surat. Borana group, promoted by Shri Mangilal Borana is into manufacturing of Grey Fabrics and Paper.

Our promoters Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana have combined experience of more than 4 decades in Textile Business. One of our promoters, Mr. Amitkumar Dalmia was awarded with Rashtriya Udyog Ratna Award in the year 2011 by National Education & Human Resource Development Organisation for its Excellence in respective field.

We sell our products in the states of Delhi, Maharashtra, Gujarat, West Bengal & Karnataka through our 8 dealers.

For the year ended March 31, 2013, our Company’s Total Income and Restated Profit after Tax was Rs. 6059.11 Lacs and Rs. 0.83 Lacs respectively. For the 6 months ended as on September 30, 2013, our Company’s Total Income and Restated Profit After Tax was Rs. 4301.96 Lacs and Rs. 12.50 Lacs, respectively.

### Our Competitive Strengths:

1. **Experienced Management Team:** We have qualified and experienced management team which has substantially contributed to the growth of our business operations. Our Company is managed by a team of experienced and professional personnel with exposure in various aspects Textile industry (Weaving, Printing & Embroidery). Our Promoters Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana have combined experience of more than 4 decades in Textile Business. One of our promoters, Mr. Amitkumar Dalmia was awarded with Rashtriya Udyog Ratna Award in the year 2011 by National Education & Human Resource Development Organisation for its Excellence in respective field.
2. **State of Art Manufacturing Facility:** Our state of Art manufacturing facility is located near Surat in the state Gujarat, which is one of the major Textile markets in the country. Our Manufacturing Facility is equipped with Modern technology, Testing Lab, Quality Controls and Latest Brand New Machines which includes Air Jet Looms, Dryers, Auto Flame Control Singeing and Humidification Plant etc. Our manufacturing unit is fully integrated and self sufficient. The raw materials, consumables and other utilities are also readily available.
3. **Strong Promoters:** Our Company is a promoted by the promoters of Rawatkhedha and Borana Group, which are well known names in the Surat Textile Market for last 30 years. Rawatkhedha group was established by Shri. Anand Dalmia and are into Textile Processing (Weaving, Printing & Embroidery) and Trading of Sarees/Dress materials at Surat. Borana Group, promoted by Shri Mangilal Borana is into manufacturing of Grey Fabrics and Paper.
4. **Quality Product:** Our Company adheres strictly on supplying quality products. We are specific about the quality of products manufactured by us and intensive care is taken to determine the standard of each and every inch of material dispatched from the plant. A highly efficient as well as fully functional lab has been put up, to test and run the quality check analysis.

**Our Business Strategy:** We intend to pursue the following strategies to leverage our competitive strengths and grow our business:

1. **Introduction of High Value Product:** Currently, we are manufacturing various types of Denims ranging from 9 to 14 Oz/sq.yd with Open End/ Ring Spun Yarns, Slub Yarns, Multi Count, Cottons and Polyester Spandex, Indigo Bottom Sulphur Toppings and Sulphur Bottom and Indigo Toppings. Moving forward, we intend to manufacture high value Denim textile which are below 9 Oz/sq.yd which will enable us to have higher margins.
2. **Increasing Geographical Presences:** Currently, we are operate in 5 states viz. Gujarat, Karnataka, West Bengal, Delhi and Maharashtra through our Dealer Network. In future, we intend to enter and capture new market eg. Bangalore, Chennai, Ludhiana & Exports Markets which will increase our geographical presence thereby increasing our customer base.

3. **Reduction of Debt:** One of our Business Strategy is to reduce our debt burden and consequently high interest cost for improved and thereby having better operating results in the coming years. Our Company intends to utilize the Issue Proceeds towards the Part Repayment of Term Loan-II to the extent of Rs. 330.00 Lacs against the Total Outstanding balance of Rs. Rs. 1814.70 Lacs as on February 28, 2014 obtained from Bank of India.
4. **Backward Integration:** Currently, we are purchasing cotton yarn and synthetic yarn from outside parties for weaving of Denim fabric. In future we intend to enter into spinning of yarns which will enable us to have a meet our raw material requirement internally thereby reducing our dependence on outsiders and thereby becoming fully integrated ranging from fibre to fabric.
5. **Direct Selling to Brands:** Moving forward, we intend to tap new market and further sell directly to brands in addition to our authorized dealers. Direct Selling to brands like Levis, Lee, Pepe and Killer etc. This will enhance our reputation as well improve our margins.

**Our Marketing Strategy:** We intend to pursue following marketing strategies:

- ✓ Increasing Dealer Network
- ✓ Tapping New Markets
- ✓ Direct Selling to Brands

**SUMMARY OF OUR FINANCIALS**

**ANNEXURE-I**

**STANDALONE STATEMENT OF ASSETS AND LIABILITIES (AS RESTATED)**

(Rs. In Lacs)

	Particulars	As at			
		30-Sep-13	31-Mar-13	31-Mar-12	31-Mar-11
<b>1</b>	<b>Equity Liabilities</b>				
	<b>Share Holder's Fund</b>				
	(a) Share Capital	829.52	629.52	173.66	7.20
	(b) Reserve & Surplus	1,647.42	1,234.91	1,114.94	(3.85)
	(c) Share Application Money Pending Allotment	0.00	50.00	0.00	491.90
<b>2</b>	<b>Non Current Liabilities</b>				
	(a) Long Term borrowings	2,828.03	236.16	1,671.01	0.00
	(b) Deferred Tax Liabilities	12.35	5.13	0.00	0.00
	(c) Long Term Provisions	0.57	0.24	0.00	0.00
<b>3</b>	<b>Current Liabilities</b>				
	(a) Short Term borrowings	0.00	252.34	0.00	0.00
	(b) Trade Payables	436.40	181.47	4.09	0.31
	(c) Other Current Liabilities	977.78	1,719.31	173.25	0.00
	(d) Short Term Provisions	117.37	60.70	1.81	0.00
	<b>Total</b>	<b>6,849.43</b>	<b>4,369.79</b>	<b>3,138.76</b>	<b>495.56</b>
	<b>Assets</b>				
<b>4</b>	<b>Non Current Assets</b>				
	(a) Fixed Assets	4,951.38	2,543.57	2,739.38	5.72
	(b) Non Current Investment	0.00	0.00	0.00	0.00
	(C) Deferred Tax Assets	0.00	0.00	0.00	0.00
	(d) Long Term Loans and Advances	15.00	15.00	10.00	0.00
	(e) Other Non Current Assets	0.00	0.00	0.00	0.00
<b>5</b>	<b>Current Assets</b>				
	(a) Current Investment	0.00	0.00	0.00	0.00
	(b) Inventories	1,000.62	538.88	0.00	0.00
	(c) Trade Receivable	478.95	497.21	0.00	0.00
	(d) Cash and Bank Balances	233.78	464.12	113.27	220.43
	(e) Short Term Loans and Advances	162.36	309.92	275.85	269.40
	(f) Other Current Assets	7.32	1.10	0.26	0.00
	<b>Total</b>	<b>6,849.43</b>	<b>4,369.79</b>	<b>3,138.75</b>	<b>495.56</b>

**Note:** The above statement should be read with the significant accounting policies and notes to restated summary statement of profit and loss account and cash flows statement as appearing in Annexure IV, II and III.

## ANNEXURE-II

## STANDALONE STATEMENT OF PROFIT AND LOSS ACCOUNT (AS RESTATED)

(Rs. In Lacs)

Particulars		For 6 months period ended 30-Sep-13	For the Year ended		
			31-Mar-13	31-Mar-12	31-Mar-11
<b>Continuing Operation :</b>					
Revenue from operations:		4,263.68	5,933.63	0.00	0.00
Other income		38.28	125.48	0.00	0.00
<b>Total Revenue</b>	<b>A</b>	<b>4,301.96</b>	<b>6,059.11</b>	<b>0.00</b>	<b>0.00</b>
<b>Expenses:</b>					
Cost of Material Consumed		3,853.41	4,659.60	0.00	0.00
Changes in inventories of finished goods, WIP and Stock-in-Trade		(435.47)	(165.88)	0.00	0.00
Employee benefits expense		173.03	229.26	0.00	0.00
Finance costs		117.39	312.66	0.00	0.00
Depreciation		164.81	382.80	0.00	0.00
Other expenses		405.43	634.60	3.45	3.85
<b>Total Expenses</b>	<b>B</b>	<b>4,278.59</b>	<b>6,053.05</b>	<b>3.45</b>	<b>3.85</b>
<b>Profit before exceptional and extraordinary items and tax (A-B)</b>	<b>C</b>	<b>23.37</b>	<b>6.06</b>	<b>(3.45)</b>	<b>(3.85)</b>
Exceptional item		0.00	0.00	0.00	0.00
<b>Profit before extraordinary items and tax</b>	<b>D</b>	<b>23.37</b>	<b>6.06</b>	<b>(3.45)</b>	<b>(3.85)</b>
Extraordinary item		0.00	0.00	0.00	0.00
<b>Profit Before Tax</b>	<b>E</b>	<b>23.37</b>	<b>6.06</b>	<b>(3.45)</b>	<b>(3.85)</b>
<b>Provision for Tax</b>					
- Current Tax		4.45	3.39	0.00	0.00
- Deferred Tax Liability / (Asset)		7.22	5.13	0.00	0.00
- provision for MAT Credit		(0.81)	(3.29)	0.00	0.00
<b>Restated profit after tax from continuing operations</b>	<b>F</b>	<b>12.50</b>	<b>0.83</b>	<b>(3.45)</b>	<b>(3.85)</b>
<b>Discontinuing operation</b>		0.00	0.00	0.00	0.00
<b>Restated profit for the year</b>		<b>12.50</b>	<b>0.83</b>	<b>(3.45)</b>	<b>(3.85)</b>
Balance brought forward from previous year		(6.47)	(7.30)	(3.85)	0.00
Accumulated Profit/ (Loss) carried to Balance Sheet		6.03	(6.47)	(7.30)	(3.85)

**Note:** The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities, and cash flows statement as appearing in Annexure IV, I and III.

## ANNEXURE-III

## STANDALONE STATEMENT OF CASH FLOW (AS RESTATED)

(Rs. In Lacs)

Particulars	For 6 months period ended 30-Sep-2013	For the Year ended		
		31-Mar-13	31-Mar-12	31-Mar-11
<b>1.Cash Flow From Operating Activities:</b>				
Net Profit before tax and extraordinary item	23.37	6.06	(3.45)	(3.85)
<i>Adjustments for:</i>				
Depreciation	164.81	382.80	0.00	0.00
Interest Paid	114.96	303.46	0.00	0.00
Profit/(Loss) on sale of Fixed Assets	0.01	0.00	0.00	0.00
Interest Received/ Other Non Operative Receipts	(9.02)	(10.14)	0.00	0.00
<b>Operating Profit before Working Capital Changes</b>	<b>294.13</b>	<b>682.17</b>	<b>(3.45)</b>	<b>(3.85)</b>
<i>Adjustments for:</i>				
Inventories	(461.74)	(538.88)	0.00	0.00
Trade Receivables	18.26	(497.21)	0.00	0.00
Short Term Provisions	55.60	55.51	1.81	0.00
Trade Payables	254.93	177.37	3.79	0.31
Other Current Liabilities	(741.54)	1,546.07	173.25	0.00
<b>Cash Generated from Operation</b>	<b>(580.35)</b>	<b>1,425.03</b>	<b>175.39</b>	<b>(3.54)</b>
Taxes Paid	(3.39)	0.00	0.00	0.00
<b>Net Cash from Operating Activities</b>	<b>(583.74)</b>	<b>1,425.03</b>	<b>175.39</b>	<b>(3.54)</b>
<b>2. Cash Flow From Investing Activities:</b>				
Fixed Assets Purchased	0.00	(93.68)	(2,733.66)	(5.72)
Increase Capital Work In Progress	(2,572.73)	(93.31)	0.00	0.00
Sale of Fixed Assets	0.12	0.00	0.00	0.00
Interest Received	9.02	10.14	0.00	0.00
Short Term Loans & Advances given	148.35	(30.78)	(6.45)	(269.40)
Long Term Loans and Advance	0.00	(5.00)	(10.00)	0.00
Increase in Long Term Provisions	0.32	0.24	0.00	0.00
Interest on Fixed Deposit	(6.22)	(0.84)	(0.26)	0.00
<b>Net Cash from Investing Activities</b>	<b>(2,421.13)</b>	<b>(213.22)</b>	<b>(2,750.36)</b>	<b>(275.12)</b>
<b>3. Cash Flow From Financing Activities:</b>				
Payments of short term borrowings	(252.34)	252.34	0.00	0.00
Proceeds from Long term borrowings	2,591.87	(1,434.85)	1,671.01	0.00
Interest Paid	(114.96)	(303.46)	0.00	0.00
Proceeds from issue of shares	200.00	455.87	166.46	7.20
Security premium received	400.00	119.14	1,122.24	0.00
Transfer of Share Application Money	(50.00)	50.00	(491.90)	491.90
<b>Net Cash from Financing Activities</b>	<b>2,774.56</b>	<b>(860.96)</b>	<b>2,467.81</b>	<b>499.10</b>
Net Increase/ (Decrease) in Cash & Cash Equivalents	(230.30)	350.84	(107.16)	220.43
Cash & Cash Equivalents at the beginning of the year	464.12	113.27	220.43	0.00
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>233.78</b>	<b>464.12</b>	<b>113.27</b>	<b>220.43</b>

**Note:**

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements issued by ICAI.
2. Figures in Brackets represents outflow.
3. The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities and statement of profit and loss as appearing in Annexure IV, I and II.

## THE ISSUE

<b>PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS</b>	
<b>Equity Shares Offered:</b> Public Issue of Equity Shares by our Company	37,10,000 Equity Shares of Rs. 10/- each for cash at par per Equity share aggregating to Rs. 371.00 Lacs
<b>Issue Reserved for the Market Makers</b>	1,90,000 Equity Shares of Rs. 10/- each for cash at par per Equity share aggregating to Rs. 19.00 Lacs
<b>Net Issue to the Public*</b>	35,20,000 Equity Shares of Rs. 10/- each for cash at par per Equity share aggregating to Rs.352.00 Lacs
	<b>of which</b>
	17,60,000 Equity Shares of Rs. 10/- each at par per Equity Share will be available for allocation for allotment to Retail Individual Investors of up to Rs. 2.00 Lacs
	17,60,000 Equity Shares of Rs. 10/- each at par per Equity Share will be available for allocation for allotment to Other Investors of above Rs. 2.00 Lacs
<b>Equity Shares outstanding prior to the Issue</b>	1,02,84,688 Equity Shares of Face value of Rs.10/- each
<b>Equity Shares outstanding after the Issue</b>	1,39,94,688 Equity Shares of Face value of Rs.10/- each
<b>Objects of the Issue</b>	Please see the chapter titled " <b>Objects of the Issue</b> " on page 47 of this Draft Prospectus

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to "**Issue Structure**" on page 193 of this Draft Prospectus.

\*As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue 'the allocation' is the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to Individual applicants other than retail individual investors; and Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for.
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

*If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.*

## GENERAL INFORMATION

Our Company was originally incorporated on November 17, 2010, as “R&B Denims Private Limited” under the provisions of the Companies Act, 1956 with the Registrar of Companies, Gujarat, and Dadra & Nagar Haveli. Subsequently, our Company was converted into a public limited Company pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on December 15, 2010 and the name of our Company was changed to “R&B Denims Limited” vide a fresh Certificate of Incorporation dated March 8, 2011 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The Corporate Identification Number of our Company is U17120GJ2010PLC062949. For details of the changes in our name and Registered Office, please see section titled “History and Certain Corporate Matters” on page 87 of this Draft Prospectus.

### Brief Company and Issue Information:

<b>Registered Office &amp; Factory</b>	Block No. 467, Sachin Palsana Road, Palsana, Surat-394315, Gujarat, India.
<b>Date of Incorporation</b>	November 17, 2010.
<b>Corporate Identification No.</b>	U17120GJ2010PLC062949
<b>Address of Registrar of Companies</b>	Registrar of Companies, Gujarat, Dadra & Nagar Haveli. ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013, Gujarat, India.
<b>Name of the Stock Exchange</b>	SME Platform of BSE Limited.
<b>Issue Programme</b>	Issue Opens on : [●] Issue Closes on : [●]
<b>Company Secretary &amp; Compliance Officer</b>	<b>Mr. Pradip Dave</b> Block No. 467, Sachin Palsana Road, Palsana, Surat-394315, Gujarat Website: <a href="http://www.rmbdenims.com">http://www.rmbdenims.com</a> Email: <a href="mailto:compliance@rmbdenims.com">compliance@rmbdenims.com</a> Tel. No. +91-9601281648 Fax No +91- 261- 2321672

**Note:** Investors can contact the Compliance Officer or the Lead Manager or the Registrar to the Issue in case of any Pre Issue or Post Issue related problems such as non-receipt of Letter of Allotment, Credit of Allotted Securities in Depository’s Beneficiary Account or Dispatch of Refund orders etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the concerned SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the ASBA Application Form was submitted by the ASBA Applicant.

**Board of Directors of our Company:** Our Board of Directors of our Company consists of:

Name	Designation	Address	DIN
Mr. Rajkumar Borana	Chairman and Managing Director	90, Subhash Nagar Society, Ghod Dod Road, Surat-395001, Gujarat, India.	01091166
Mr. Amitkumar Dalmia	Whole Time Director	C-602/603, Regency Tower, Near Rajhans Cinema, Piplod, Surat, Gujarat-395007, India.	00034642
Mr. Deepak Dalmia	Whole Time Director	C-602/603, Regency Tower, Near Rajhans Cinema, Piplod, Surat, Gujarat-395007, India.	00050547
Mr. Ankur Borana	Whole Time Director	90, Subhash Nagar Society, Ghod Dod Road, Surat-395007, Gujarat, India.	01091164
Mr. Girish K. Kalawatia	Non Executive & Independent Director	B-702, Ashoka Pavilion, Opp Kapadia Health Club, Bhatar Road, Surat-395 001, Gujarat, India	06687242
Mr. Manak L. Tiwari	Non Executive & Independent Director	D-302, Indraprasth Apt, Near Maheshwari Bhavan, City Light Road, Surat-395 007, Gujarat, India	06687259
Mr. Kapil H. Hojiwala	Non Executive & Independent Director	1002, Rupali High Rise, Nr Canal Bhatar Road, Surat-395 007, Gujarat, India	03528069
Mr. Dharmesh P. Mehta	Non Executive & Independent Director	104, Payal Apt, Ankur Society, A.K.Road, Surat-395 008, Gujarat, India	00514582

For further details of the Directors of Our Company, please refer to the chapter titled “Our Management” on page 89 of this Draft Prospectus.

**Details of Key Intermediaries pertaining to this Issue and Our Company:**

Lead Manager of the Issue	Bankers to the Issue (Escrow Collection & Refund Bank)
<b>HEM SECURITIES LIMITED</b> 14/15, 1 <sup>st</sup> Floor, Khatau Building, 40, Bank Street, Fort, Mumbai- 400 001 <b>Tel. No.:</b> 91-22-22671543/44 <b>Fax No.:</b> 91-22-2262 5991 <b>Website:</b> <a href="http://www.hemonline.com">www.hemonline.com</a> <b>Email:</b> <a href="mailto:ib@hemonline.com">ib@hemonline.com</a> <b>Investor Grievance Email:</b> <a href="mailto:redressal@hemonline.com">redressal@hemonline.com</a> <b>Contact Person:</b> Mr. Harish Patel/Ms. Payal Mundra <b>SEBI Regn. No.</b> INM000010981	[●] To be appointed prior to filing of prospectus with ROC
Registrar to the Issue	Legal Advisor to the Issue
<b>BIGSHARE SERVICES PRIVATE LIMITED</b> E-2/3, Ansa Industrial Estate, Sakhivihar Road, Sakinaka, Andheri (East), Mumbai – 400 072 <b>Tel. No.:</b> 91-22 – 40430200 <b>Fax No.:</b> 91-22 – 28475201 <b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> <b>Investor Grievance Email:</b> <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a> <b>Email:</b> <a href="mailto:info@bigshareonline.com">info@bigshareonline.com</a> <b>Contact Person:</b> Mr. Ashok Shetty <b>SEBI Regn. No.</b> MB/INR000001385	<b>KANGA &amp; COMPANY,</b> <b>Advocates &amp; Solicitors</b> Readymoney Mansion 43, Veer Nariman Road, Fort, Mumbai-400 001. <b>Tel.:</b> +91-22-6623 0000/+91-22-2204 2288 <b>Fax:</b> +91-22-66339656/57 <b>Web:</b> <a href="http://www.kangacompany.com">www.kangacompany.com</a> <b>Email:</b> <a href="mailto:chetan.thakkar@kangacompany.com">chetan.thakkar@kangacompany.com</a> <b>Contact Person:</b> Mr. Chetan Thakkar
Statutory Auditors & Peer Review Auditors	Bankers to the Company
<b>M/s. Pradeep Singhi &amp; Associates</b> <b>Chartered Accountants</b> <b>Surat Office:</b> A/501, President plaza, Near RTO Office, Ring Road, Surat, Gujarat, Tel: 0261-2460132, Fax: 0261-3019434 Email: <a href="mailto:jenish@pradeepssinghi.com">jenish@pradeepssinghi.com</a> <b>Contact Person:</b> Mr. Jenish Dabhelwala/Ms. Shivangi Parekh	<b>Bank of India</b> Surat Mid Corporate Branch, Ghoddod Road, Surat-395 001, Gujarat, India <b>Tel:</b> 0261-2240012/14, <b>Fax:</b> 0261-2240013 <b>Email:</b> <a href="mailto:suratMCB.Vadodara@bankofindia.co.in">suratMCB.Vadodara@bankofindia.co.in</a> <b>Contact Person:</b> Mr. R.R. Gautam

**Statement of Inter-se Allocation of Responsibilities**

Since Hem Securities Limited is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Managers is not required.

**Self Certified Syndicate Banks (“SCSBs”)**

The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI ICDR Regulations, and a list of which is available on [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1380263338017.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html) or at such other website as may be prescribed by SEBI from time to time.

**Credit Rating**

This being an Issue of Equity Shares, credit rating is not required. However for our Loan facilities with Banks/Financial Institutions, we have done our credit rating through ICRA Limited vide its report dated March 5, 2013 which has assigned rating of [ICRA] B+ for our long term bank facilities and [ICRA] A4 for our short term bank facilities having validity till February 14, 2014 and we have applied for renew ratings with ICRA Limited.

**IPO Grading**

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

**Debenture Trustees**

As the Issue is of Equity Shares, the appointment of Debenture 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. 50000.00 Lacs.

However, as per the Clause 52 of the SME Listing Agreement to be entered into with the Stock Exchange 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.

### Expert

Except the report of the Statutory Auditor on Statement of Tax benefits dated February 28, 2014 and Peer Review Auditors in relation to the Re-stated Financial Report dated February 28, 2014 included in this Draft Prospectus, our Company has not obtained any other expert opinion.

### Appraising Entity

No appraising entity has been appointed in respect of any objects of this Issue.

### Underwriting

The Company and the Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten. The Issue is 100% underwritten by the Lead Manager – Hem Securities Limited in the capacity of Underwriter to the issue.

Pursuant to the terms of the Underwriting Agreement dated February 28, 2014 entered into by us with Underwriter – Hem Securities Limited, the obligations of the Underwriter are subject to certain conditions specified therein. The Underwriter is registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the BSE.

The Details of the Underwriting commitments are as under:

Details of the Underwriter	No. of shares underwritten	Amount Underwritten (Rs. in Lacs)	% of the Total Issue Size Underwritten
<b>Hem Securities Limited</b> 203, Jaipur Tower, M.I. Road, Jaipur, Rajasthan Tel: +91-141-2378608, 2363278; Fax: +91-141 - 5101757 Web: <a href="http://www.hemonline.com">www.hemonline.com</a> Email: <a href="mailto:underwriter@hemonline.com">underwriter@hemonline.com</a> Contact Person: Mr. Anil Bhargava SEBI Regn. No. INM000010981	37,10,000* Equity Shares of Rs. 10/-	371.00	100

\*Includes 1,90,000 Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker (Hem Securities Limited) in its OWN account in order to claim compliance with the requirements of Regulation 106 V (4) of the SEBI (ICDR) Regulations, 2009, as amended.

In the opinion of the Board of Directors of our Company, the resources of the above mentioned Underwriter are sufficient to enable them to discharge their respective obligations in full.

### Details of the Market Making Arrangement for this Issue

Our Company has entered into Market Making Agreement dated February 28, 2014 with the following Market Maker to fulfill the obligations of Market Making for this issue:

<b>Name</b>	Hem Securities Ltd.
<b>Correspondence Address:</b>	203, Jaipur Tower, M.I. Road, Jaipur – 302 001, Rajasthan, India
<b>Tel No.:</b>	+ 91 - 141 - 2378608, 2363278
<b>Fax No.:</b>	+ 91 - 141 – 5101757
<b>E-mail:</b>	<a href="mailto:mm@hemonline.com">mm@hemonline.com</a>
<b>Website:</b>	<a href="http://www.hemonline.com">www.hemonline.com</a>
<b>Contact Person:</b>	Mr. Anil Bhargava
<b>SEBI Registration No.:</b>	INB011069953
<b>BSE Market Maker Registration No.:</b>	SMEMM0024801022013

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the BSE and SEBI regarding this matter from time to time.

**Following is a summary of the key details pertaining to the Market Making Arrangement:**

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be Rs. 1,00,000. However, the investors with holdings of value less than Rs. 1,00,000 shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
4. There would not be more than five Market Makers for a scrip at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
5. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
6. The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.
7. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
8. The Market Maker(s) shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on working days.

9. **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins, which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
10. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to Rs. 250 Crores, the applicable price bands for the first day shall be:
  - In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
  - Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the BSE SME Exchange/ Platform.

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

11. Punitive Action in case of default by Market Makers: BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

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

12. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the issue size and as follows:

Issue Size	Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size)	Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size)
Up to Rs. 20 Crore	25%	24%
Rs. 20 to Rs. 50 Crore	20%	19%
Rs. 50 to Rs. 80 Crore	15%	14%
Above Rs. 80 Crore	12%	11%

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on working days.

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

### CAPITAL STRUCTURE

The Share Capital of our Company as on the date of this Draft Prospectus is set forth below:

(Rs. in Lacs, except share data)

Sr. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
A	<b>Authorized Share Capital:</b> 2,55,00,000 Equity Shares of Face Value of Rs. 10/- each	2550.00	-
B	<b>Issued, Subscribed &amp; Paid-up Share Capital prior to the Issue</b> 1,02,84,688 Equity Shares of Face Value of Rs. 10/- each	1028.46	-
C	<b>Present Issue in terms of this Draft Prospectus*</b> 37,10,000 Equity Shares of Rs. 10/- each for cash at par	371.00	371.00
	Which Comprises		
I.	<b>Reservation for Market Maker portion</b> 1,90,000 Equity Shares of Rs. 10/- each for cash at par	19.00	19.00
II.	<b>Net Issue to the Public</b> 35,20,000 Equity Shares of Rs. 10/- each for cash at par	352.00	352.00
	of which		
	17,60,000 Equity Shares of Rs. 10/- each at par per Equity Share will be available for allocation for allotment to Retail Individual Investors of up to Rs. 2.00 Lacs	176.00	176.00
	17,60,000 Equity Shares of Rs. 10/- each at par per Equity Share will be available for allocation for allotment to Other Investors of above Rs. 2.00 Lacs	176.00	176.00
D	<b>Paid up Equity capital after the Issue</b> 1,39,94,688 Equity Shares of Face Value of Rs. 10/- each	1399.46	-
E	<b>Securities Premium Account</b> Before the Issue After the Issue	1442.44 1442.44	

\*The Present Issue of 37,10,000 Equity Shares in terms of this Draft Prospectus has been authorized pursuant to a resolution of our Board of Directors dated December 05, 2013 and by Special Resolution passed under section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of our Members held on January 03, 2013.

#### Classes of Shares

As on date of this Draft Prospectus, our Company has only one class of Issued Subscribed & Paid-up Share Capital i.e. 1, 02, 84,688 Equity Shares of Face Value Rs. 10/- each only.

#### Notes to Capital Structure

##### 1. Details of Increase/Changes in Authorized Share Capital of our Company:

Date of Meeting	Changes in Authorized Share Capital
Incorporation	Authorized Share Capital of Rs.2, 50, 00,000 divided into 25, 00,000 Equity Shares of Rs.10/- each.
22-Jun-11	Increase in the Authorized Share Capital of the Company from Rs.2,50,00,000 divided into 25,00,000 Equity Shares of Rs.10/- each to Rs.5,50,00,000 divided into 55,00,000 Equity Shares of Rs.10/- each.
1-Feb-13	Increase in the Authorized Share Capital of the Company from Rs.5,50,00,000 divided into 55,00,000 Equity Shares of Rs.10/- each to Rs.25,50,00,000 divided into 2,55,00,000 Equity Shares of Rs.10/- each of which <u>Class A:</u> Rs.13, 50, 00,000 divided into 1, 35, 00,000 Equity Shares of Rs.10/- each and <u>Class B:</u> Rs.12, 00, 00,000 divided into 12, 00,000 Equity Shares of Rs.100/- each.
15-Mar-13	Sub division of 12,00,000 Equity Shares of Class "B" of Face Value Rs. 100/-each in to 1,20,00,000 Equity Shares of Class "B" of Face Value Rs. 10/-each
9-May-13	Re-classification of Class B: 60, 00, 000 Equity Shares of Rs.10/- each in to Class A shares.
3-Jan-14	Re-classification of Class B: 60, 00, 000 Equity Shares of Rs.10/- each in to Class A shares

## 2. Equity Share Capital History of our Company:

Date of Allotment / Date of Fully Paid Up	No. of Equity Shares allotted	Cumulative No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative Securities Premium Account (Rs in Lacs)	Cumulative Paid-up Capital (Rs in Lacs)	Consideration	Nature of Issue and Category of Allottees
Upon Incorporation	50000	50000	10	10	0.00	5.00	Cash	Subscription to Memorandum(I)
28-Jan-11	22000	72000	10	10	0.00	7.20	Cash	Allotment to Promoter Group (II)
2-Sep-11	1249000	1321000	10	20	124.90	132.10	Cash	Further Allotment to Promoter & Promoter Group (III)
2-Dec-11	196760	1517760	10	250	597.12	151.78	Cash	Preferential Allotment (IV)
21-Mar-12	186000	1703760	10	250	1043.52	170.38	Cash	Preferential Allotment (V)
27-Mar-12	32800	1736560	10	250	1122.24	173.66	Cash	Preferential Allotment (VI)
22-Oct-12	10	1736570	10	75	1122.25	173.66	Cash	Preferential Allotment (VII)
22-Oct-12	2642000	4378570	10	Nil	858.05	437.86	Bonus Issue	Bonus Issue to Promoters & Promoter Group in ratio of 2 shares for every 1 share held (VIII)#
31-Mar-13	1916666	6295236	10	30	1241.38	629.52	Cash	Preferential Allotment (IX)
29-Apr-13	500000	6795236	10	30	1341.38	679.52	Cash	Preferential Allotment (X)
28-Jun-13	1500000	8295236	10	30	1641.38	829.52	Cash	Preferential Allotment (XI)
9-Oct-13	1989452	10284688	10	Nil	1442.44	1028.47	Bonus Issue	Bonus Issue to Promoters in ratio of 2 shares for every 1 share held (XII)#

**Note #:** Bonus Issues (22-Oct-12 & 9-Oct-13) have been made out of capitalization of Share Premium Account. Also in case the above Bonus Issues some of the shareholders have waived their right to receive bonus shares and accordingly the bonus shares were issued to Promoters & Promoter Group Entities.

### Notes:

#### I. The Subscribers to the Memorandum of Association of Our Company were.

Names of Allottees	Number of Equity Shares
Mr. Amitkumar Dalmia	12,500
Mr. Rajkumar Borana	12,500
Mr. Ankur Borana	12,500
Mr. Deepak Dalmia	12,500
<b>Total</b>	<b>50,000</b>

#### II. Allotment of 22,000 Equity Shares to Promoter Group

Names of Allottees	Number of Equity Shares
Amitkumar Dalmia (HUF)	2,000
Deepak Dalmia (HUF)	2,000
Ankur Mangilal Borana (HUF)	2,000
Rajkumar Mangilal Borana (HUF)	2,000

Mrs. Deepa Amitkumar Dalmia	2,000
Mrs. Sunaina Deepak Dalmia	2,000
Mrs. Shashidevi Anand Dalmia	2,000
Mrs. Dhvani Ankur Borana	2,000
Mrs. Sharmila Rajkumar Borana	2,000
Mrs. Mohini Mangilal Borana	2,000
Mrs. Lalita Borana	2,000
<b>Total</b>	<b>22,000</b>

### III. Further Allotment of 12,49,000 Equity Shares to Promoter & Promoter Group

Names of Allottees	Number of Equity Shares
Rawatkhedha Silk Mill Pvt Ltd	5,00,000
Ankur Mangilal Borana (HUF)	26,500
Mr. Ankur Mangilal Borana	43,750
Mangilal Borana (HUF)	75,000
Mr. Mangilal Borana	1,00,000
Nareshkumar Borana (HUF)	75,000
Mr. Nareshkumar Borana	75,000
Rajkumar Mangilal Borana (HUF)	59,000
Mr. Rajkumar Mangilal Borana	43,750
Mrs. Dhvani Ankur Borana	49,000
Mrs. Sharmila Rajkumar Borana	1,500
Mrs. Mohini Mangilal Borana	1,500
Mrs. Lalita Borana	74,000
Mayfair Vinimay Pvt Ltd	1,25,000
<b>Total</b>	<b>12,49,000</b>

### IV. Preferential Allotment of 1,96,760 Equity Shares to

Names of Allottees	Number of Equity Shares
Foremost Merchandise Pvt Ltd	62,000
Gravity Impex Pvt Ltd	28,000
Kushi Industries Ltd	52,760
Asan Investment & Financial Services Pvt Ltd	54,000
<b>Total</b>	<b>196,760</b>

### V. Preferential Allotment of 1,86,000 Equity Shares to

Names of Allottees	Number of Equity Shares
Asan Investment & Financial Services Pvt Ltd	10,000
Foremost Merchandise Pvt Ltd	36,000
Gravity Impex Pvt Ltd	44,000
Gungun Exports Pvt Ltd	40,000
Kushi Industries Ltd	8,000
Thadeshwar FinServices Pvt Ltd	48,000
<b>Total</b>	<b>186,000</b>

### VI. Preferential Allotment of 32,800 Equity Shares to

Names of Allottees	Number of Equity Shares
Shorey Infraprojects Pvt Ltd	32,800
<b>Total</b>	<b>32,800</b>

### VII. Preferential Allotment of 10 Equity Shares to

Names of Allottees	Number of Equity Shares
Mr. Vikas Ummedmal Jain	10
<b>Total</b>	<b>10</b>

## VIII. Bonus Issue of 26,42,000 Equity Shares to

Names of Allottees	Number of Equity Shares
Mr. Amitkumar Dalmia	25,000
Mr. Deepak Dalmia	25,000
Mr. Rajkumar Mangilal Borana	1,12,500
Mr. Ankur Mangilal Borana	1,12,500
Mrs. Deepa Amitkumar Dalmia	4,000
Mrs. Sunaina Deepak Dalmia	4,000
Mrs. Shashidevi Anand Dalmia	4,000
Mrs. Dhvani Ankur Borana	1,02,000
Mrs. Sharmila Rajkumar Borana	7,000
Mrs. Mohini Mangilal Borana	7,000
Mrs. Lalita Borana	1,52,000
Amitkumar Dalmia (HUF)	4,000
Deepak Dalmia (HUF)	4,000
Ankur Mangilal Borana (HUF)	1,22,000
Rajkumar Mangilal Borana (HUF)	57,000
Mangilal Borana (HUF)	1,50,000
Mr. Mangilal Borana	2,00,000
Nareshkumar Borana (HUF)	1,50,000
Mr. Nareshkumar Borana	1,50,000
Rawatkheddia Silk Mill Pvt Ltd	10,00,000
Mayfair Vinimay Pvt Ltd	2,50,000
<b>Total</b>	<b>26,42,000</b>

## IX. Preferential Allotment of 19,16,666 Equity Shares to

Names of Allottees	Number of Equity Shares
Clubsidedealcom Pvt Ltd	7,50,000
Positive Vinimay Pvt Ltd	5,00,000
Newtown Mercantiles Pvt Ltd	5,00,000
Kasare Fincap Pvt Ltd	1,66,666
<b>Total</b>	<b>19,16,666</b>

## X. Preferential Allotment of 5,00,000 Equity Shares to

Names of Allottees	Number of Equity Shares
Positive Vinimay Pvt Ltd	2,50,000
Newtown Mercantiles Pvt Ltd	2,50,000
<b>Total</b>	<b>5,00,000</b>

## XI. Preferential Allotment of 15,00,000 Equity Shares to

Names of Allottees	Number of Shares
Singrodia Bros Holding Pvt Ltd	7,50,000
Shri. Ramrathi Marketing Pvt Ltd	7,50,000
<b>Total</b>	<b>15,00,000</b>

## XII. Bonus Issue of 19,89,452 Equity Shares to

Names of Allottees	Number of Shares
Mr. Amitkumar Dalmia	3,66,114
Mr. Deepak Dalmia	3,66,112
Mr. Ankur Borana	6,28,614
Mr. Rajkumar Borana	6,28,612
<b>Total</b>	<b>19,89,452</b>

### 3. Details of Equity Shares issued for consideration other than cash:

As on date, our Company has not issued any Equity Shares for consideration other than cash except for Bonus Shares issued as mentioned above in sub point no. VIII & XII of note no. 2 above.

Date	Number of shares allotted	Face Value (Rs)	Issue Price (Rs)	Reasons	Benefit Accrued
9-Oct-13	19,89,452	10	Nil	Bonus Issue in ratio of 2 shares for every 1 share held	Expansion of Capital
22-Oct-12	26,42,000	10	Nil	Bonus Issue in ratio of 2 shares for every 1 share held	Expansion of Capital

### 4. Capital Build Up in respect of shareholding of Our Promoters & Promoter's Contribution and Lock-in:

Date of Allotment of Fully Paid-up Shares	Consideration	Nature of Issue	No of Equity Shares	Face Value	Issue Price/Acquisition Price/ Transfer Price	Cumulative no. of Equity shares	% Pre-Issue paid up capital	% Post issue paid up capital	Lock In
<b>Mr. Amitkumar Dalmia</b>									
Upon Incorporation	Cash	Subscriber to the MOA	12500	10	10	12500	0.12	0.09	3 years
22-Oct-12	Other than Cash	Bonus Issue (2:1)	25000	10	-	37500	0.24	0.18	3 years
30-Sep-13	Cash	Transfer From Kasare Fincap Pvt Ltd	145557	10	30	183057	1.42	1.04	3 years
09-Oct-13	Other than Cash	Bonus Issue (2:1)	366114	10	-	549171	3.56	2.62	3 years
<b>TOTAL (A)</b>			<b>549171</b>				<b>5.34</b>	<b>3.92</b>	

<b>Mr. Deepak Dalmia</b>									
Date of Allotment of Fully Paid-up Shares	Consideration	Nature of Issue	No of Equity Shares	Face Value	Issue Price/Acquisition Price/ Transfer Price	Cumulative no. of Equity shares	% Pre-Issue paid up capital	% Post issue paid up capital	Lock In
Upon Incorporation	Cash	Subscriber to the MOA	12500	10	10	12500	0.12	0.09	3 years
22-Oct-12	Other than Cash	Bonus Issue (2:1)	25000	10	-	37500	0.24	0.18	3 years
30-Sep-13	Cash	Transfer From Thadeshwar FinServices Pvt Ltd	47556	10	30	85056	0.46	0.34	3 years
30-Sep-13	Cash	Transfer From Foremost Merchandise Pvt Ltd	62000	10	30	147056	0.60	0.44	3 years
30-Sep-13	Cash	Transfer From Foremost Merchandise Pvt Ltd	36000	10	30	183056	0.35	0.26	3 years
09-Oct-13	Other than Cash	Bonus Issue (2:1)	366112	10	-	549168	3.56	2.62	3 years
<b>TOTAL (B)</b>			<b>549168</b>				<b>5.34</b>	<b>3.92</b>	

<b>Mr. Rajkumar Borana</b>									
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Upon Incorporation	Cash	Subscriber to the MOA	12500	10	10	12500	0.12	0.09	3 years
02-Sep-11	Cash	Allotment	43750	10	20	56250	0.43	0.31	3 years
22-Oct-12	Other than Cash	Bonus Issue (2:1)	112500	10	-	168750	1.09	0.80	3 years
30-Sep-13	Cash	Transfer From Kasare Fincap Pvt Ltd	11557	10	30	180307	0.11	0.08	3 years
30-Sep-13	Cash	Transfer From Gravity Impex Pvt Ltd	28000	10	30	208307	0.27	0.20	3 years
30-Sep-13	Cash	Transfer From Gravity Impex Pvt Ltd	44000	10	30	252307	0.43	0.31	3 years
30-Sep-13	Cash	Transfer From Khushi Industries Ltd	54000	10	30	306307	0.53	0.39	3 years
30-Sep-13	Cash	Transfer From Khushi Industries Ltd	8000	10	30	314307	0.08	0.06	3 years
09-Oct-13	Other than Cash	Bonus Issue (2:1)	628614	10	-	942921	6.11	4.49	3 years
<b>TOTAL ( C )</b>			<b>942921</b>				<b>9.17</b>	<b>6.74</b>	

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<b>Mr. Ankur Borana</b>									
Upon Incorporation	Cash	Subscriber to the MOA	12500	10	10	12500	0.12	0.09	1 year
02-Sep-11	Cash	Allotment	43750	10	20	56250	0.43	0.31	1 year
22-Oct-12	Other than Cash	Bonus Issue (2:1)	112500	10	-	168750	1.09	0.80	1 year
30-Sep-13	Cash	Transfer From Kasare Fincap Pvt Ltd	9552	10	30	178302	0.09	0.07	1 year
30-Sep-13	Cash	Transfer From Thadeshwar FinServices Pvt Ltd	444	10	30	178746	0.00	0.00	1 year
30-Sep-13	Cash	Transfer From Asan Investment & Financial Services Pvt Ltd	52760	10	30	231506	0.51	0.38	3 year
30-Sep-13	Cash	Transfer From Asan Investment & Financial Services Pvt Ltd	10000	10	30	241506	0.10	0.07	3 years
30-Sep-13	Cash	Transfer From Gungun Exports Pvt Ltd	40000	10	30	281506	0.39	0.29	3 years
30-Sep-13	Cash	Transfer From Shorey Infraprojects Pvt Ltd	32800	10	30	314306	0.32	0.23	3 years
09-Oct-13	Other than Cash	Bonus Issue (2:1)	628612	10	-	942918	6.11	4.49	3 years

<b>TOTAL ( D )</b>	<b>942918</b>			<b>9.17</b>	<b>6.74</b>	
<b>GRAND TOTAL (A+B+C+D)</b>	<b>2984178</b>			<b>29.02</b>	<b>21.32</b>	

Note: None of the shares has been pledged by our Promoters

### Summary of Shares under Locked for 3 years

S.No	Name of Promoters	Nos. of Share	% of Post Issue Capital
1	Mr. Amitkumar Dalmia	5,49,171	3.92
2	Mr. Deepak Dalmia	5,49,168	3.92
3	Mr. Rajkumar Borana	9,42,921	6.74
4	Mr. Ankur Borana	7,64,172	5.46
<b>TOTAL</b>		<b>28,05,432</b>	<b>20.05</b>

Our Promoters viz. Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana have, by a written undertaking, consented to have 5,49,171, 5,49,168, 9,42,921 & 7,64,172 Equity Shares held by them respectively to be locked in as **Minimum Promoters Contribution** for a period of three years from the date of allotment in this Issue and will not be disposed / sold / transferred by the promoters during the period starting from the date of filing the Draft Prospectus with SME Platform of BSE till the date of commencement of lock-in period as stated in the Draft Prospectus. The Equity Shares under the Promoters Contribution will constitute 20.05% of our post-issue paid up share capital.

The 28,05,432 Equity Shares accounting for 20.05% of post issue paid up capital, which are being locked in for a period of three years from the date of allotment of Equity Shares in this Issue are not ineligible for computation of Minimum Promoters Contribution as per Regulation 33 of the SEBI ICDR Regulations.

No Equity Shares proposed to be locked-in as Minimum Promoters Contribution have been issued out of revaluation reserve or for consideration other than cash and revaluation of assets or capitalization of intangible assets, involved in such transactions.

The entire Pre-Issue Shareholding, other than the Minimum Promoters contribution (28,05,432 Equity Shares accounting for 20.05% of post issue paid up capital which is locked in for three years), shall be locked in for a period of one year from the date of allotment in this Issue.

Our Promoters have also consented that the Promoters contribution under Regulation 32 of the SEBI ICDR Regulations will not be less than 20% of the Post Issue Paid up Capital of our Company.

### **Eligibility of Share for “Minimum Promoters Contribution in terms of clauses of Regulation 33 (1) of SEBI (ICDR) Regulations, 2009**

Reg. No.	Promoters' Minimum Contribution Conditions	Eligibility Status of Equity Shares forming part of Promoter's Contribution
33(1) (a) (i)	Specified securities acquired during the preceding three years, if they are acquired for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction	Eligible
33 (1) (a) (ii)	Specified securities acquired during the preceding three years, resulting from a bonus issue by utilisation of revaluation reserves or unrealized profits of the issuer or from bonus issue against Equity Shares which are ineligible for minimum promoters' contribution	Eligible
33 (1) (b)	Specified securities acquired by promoters during the preceding one year at a price lower than the price at which specified securities are being offered to public in the initial public offer	Eligible
33 (1) (c)	Specified securities allotted to promoters during the preceding one year at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms, where the partners of the erstwhile partnership firms are the promoters of the issuer and there is no change in the management: Provided that specified securities, allotted to promoters against capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible	Eligible
33 (1) (d)	Specified securities pledged with any creditor.	Eligible

### Details of Shares Locked In For One Year

In terms of Regulation 36(b) and 37 of the SEBI ICDR Regulations, in addition to the Minimum Promoters contribution which is locked in for three years, as specified above, the entire pre-issue equity share capital (Including shares held by our Promoters) shall be locked in for a period of one year from the date of allotment of Equity Shares in this Issue.

The Equity Shares which are subject to lock-in shall carry inscription '**nontransferable**' along with the duration of specified non-transferable period mentioned in the face of the security certificate. The shares which are in dematerialized form, if any, shall be locked-in by the respective depositories. The details of lock-in of the Equity Shares shall also be provided to the Designated Stock Exchange before the listing of the Equity Shares.

### **Other requirements in respect of Lock-in:**

- a) In terms of Regulation 39 of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoters, as specified above, can be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan. Provided that securities locked in as minimum promoter contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or institution, for the purpose of financing one or more of the objects of the Issue.
- b) In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 36 or 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.
- c) Further in terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Issuer subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

### **5. Details of the Pre and Post Issue Shareholding of our Promoters and Promoter Group is as below:**

S. No	Names	Pre IPO		Post IPO	
		Shares Held	% Shares Held	Shares Held	% Shares Held
	<b>Promoters</b>				
1	Mr. Amitkumar Dalmia	549171	5.34	549171	3.92
2	Mr. Deepak Dalmia	549168	5.34	549168	3.92
3	Mr. Rajkumar Mangilal Borana	942921	9.17	942921	6.74
4	Mr. Ankur Mangilal Borana	942918	9.17	942918	6.74
	<b>TOTAL (A)</b>	<b>2984178</b>	<b>29.02</b>	<b>2984178</b>	<b>21.32</b>
	<b>Promoter Group</b>				
5	Mrs. Deepa Amit Dalmia	6000	0.06	6000	0.04
6	Mrs. Sunaina Deepak Dalmia	6000	0.06	6000	0.04
7	Mrs. Shashidevi Dalmia	6000	0.06	6000	0.04
8	Mrs. Dhvani Ankur Borana	153000	1.49	153000	1.09
9	Mrs. Sharmila Rajkumar Borana	10500	0.10	10500	0.08
10	Mrs. Mohini Borana	10500	0.10	10500	0.08
11	Amit Kumar Dalmia HUF	6000	0.06	6000	0.04
12	Deepak Dalmia HUF	6000	0.06	6000	0.04
13	Ankur Mangilal Borana HUF	85500	0.83	85500	0.61
14	Rajkumar Mangilal Borana HUF	183000	1.78	183000	1.31
15	Mangilal A Borana HUF	225000	2.19	225000	1.61
16	Mr. Mangilal A Borana	300000	2.92	300000	2.14
17	Mayfair Vinimay Pvt Ltd	375000	3.65	375000	2.68
18	Rawat khedia Silk Mill Pvt Ltd	1500000	14.58	1500000	10.72
	<b>TOTAL (B)</b>	<b>2872500</b>	<b>27.93</b>	<b>2872500</b>	<b>20.53</b>
	<b>TOTAL (A+B)</b>	<b>5856678</b>	<b>56.95</b>	<b>5856678</b>	<b>41.85</b>

## 6. Our Shareholding Pattern

The table below presents the current shareholding pattern of our Company as per clause 37 of the SME Equity Listing Agreement.

Category code	Category of shareholder	No. of shareholders	Total no. of shares	% of Total	Number of shares held in dematerialized form*	Total shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
						As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of Shareholding
<b>(A)</b>	<b>Promoter and Promoter Group</b>								
<b>(1)</b>	<b>Indian</b>								
(a)	Individuals/ Hindu Undivided Family	16	3981678	38.72	Nil	38.72	38.72	Nil	Nil
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	2	1875000	18.23	Nil	18.23	18.23	Nil	Nil
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(1)	18	58,56,678	56.95	Nil	56.95	56.95	Nil	Nil
<b>(2)</b>	<b>Foreign</b>								
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total Shareholding of Promoters and Promoter group (A)= A)(1)+(A)(2)</b>	18	58,56,678	56.95	Nil	56.95	56.95	Nil	Nil
<b>(B)</b>	<b>Public Shareholding</b>								
<b>(1)</b>	<b>Institutions</b>								
(a)	Mutual Funds/UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category code	Category of shareholder	No. of shareholders	Total no. of shares	% of Total	Number of shares held in dematerialized form*	Total shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
						As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of Shareholding
(h)	Nominated investors (as defined in Chapter XB of SEBI (ICDR) Regulations)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i)	Market Makers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B) (1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>(2)</b>	<b>Non- Institutions</b>								
(a)	Bodies Corporate	5	37,50,000	36.46	Nil	36.46	36.46	Nil	Nil
(b)	Individuals - Individual shareholders holding Nominal share capital up to Rs. 1 lakh.	4	6,78,010	6.59	Nil	6.59	6.59	Nil	Nil
	Individual shareholders holding Nominal share capital in excess of Rs. 1 lakh.								
(c)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B) (2)	9	44,28,010	43.05	Nil	43.05	43.05	Nil	Nil
	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>9</b>	<b>44,28,010</b>	<b>43.05</b>	<b>Nil</b>	<b>43.05</b>	<b>43.05</b>	<b>Nil</b>	<b>Nil</b>
	<b>TOTAL (A) + (B)</b>	<b>27</b>	<b>10,284,688</b>	<b>100.00</b>	<b>Nil</b>	<b>100.00</b>	<b>100.00</b>	<b>Nil</b>	<b>Nil</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>								
(a)	Promoters and Promoter Group	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>27</b>	<b>10,284,688</b>	<b>100.00</b>	<b>Nil</b>	<b>100.00</b>	<b>100.00</b>	<b>Nil</b>	<b>Nil</b>

\* We have entered in tripartite agreement with NSDL and CDSL and have received the ISIN. – INE012Q01013. As on date the entire shareholding of our Company is in physical form and our promoters and promoter group shareholders are in process of converting physical shares in Demat form.

## 7. The Top Ten Shareholders of our Company and their Shareholding is set forth below:-

As on the date of the Draft Prospectus, our Company has **27 (Twenty Seven)** shareholders.

- a) Our top ten shareholders as on the date of filing of this Draft Prospectus and 10 days prior filing of this Draft Prospectus are as follows:

S. No	Names	Shares Held	% Shares Held
1	RawatKhedia Silk Mill Private Limited	1500000	14.58
2	Mr. Rajkumar Mangilal Borana	942921	9.17

3	Mr. Ankur Mangilal Borana	942918	9.17
4	Clubside Dealcom Private Limited	750,000	7.29
5	Positive Vinimay Private Limited	750,000	7.29
6	Newtown Mercantiles Private Limited	750,000	7.29
7	Singrodia Bros Holding Private Limited	750,000	7.29
8	Shri. RamRathi Marketing Private Limited	750,000	7.29
9	Mr. Amitkumar Dalmia	549171	5.34
10	Mr. Deepak Dalmia	549168	5.34
	<b>TOTAL</b>	<b>8234178</b>	<b>80.06</b>

b) Details of Top Ten shareholders of our Company as on two years prior to the date of filing of this Draft Prospectus are as follows:

S. No	Names	Shares Held	% Shares Held
1	Rawatkhedha Silk Mill Private Limited	500000	32.94
2	Mayfair Vinimay Pvt Ltd	125000	8.24
3	Mr. Mangilal Borana	100000	6.59
4	Mrs. Lalita Borana	76000	5.00
5	Nareshkumar Borana (HUF)	75000	4.94
6	Mr. Nareshkumar Borana	75000	4.94
7	Mangilal Borana (HUF)	75000	4.94
8	Ankur Mangilal Borana (HUF)	28500	4.2
9	Foremost Merchandise Private Limited	62000	4.08
10	Mr. Rajkumar Borana	56250	3.7
11	Mr. Ankur Borana	56250	3.7
	<b>Total</b>	<b>1229000</b>	<b>83.27</b>

8. As on the date of this Draft Prospectus, the public shareholders holding more than 1% of the Pre-Issue Share Capital of our Company are as follows:

S. No	Names	Shares Held	% Shares Held
1	Clubside Dealcom Private Limited	750,000	7.29
2	Positive Vinimay Private Limited	750,000	7.29
3	Newtown Mercantiles Private Limited	750,000	7.29
4	Singrodia Bros Holding Private Limited	750,000	7.29
5	Shri. RamRathi Marketing Private Limited	750,000	7.29
6	Mrs. Lalita Borana	228000	2.22
7	Naresh Kumar Borana HUF	225000	2.19
8	Mr. Naresh Kumar Borana	225000	2.19

9. Except as mentioned below, there are no Equity Shares purchased/acquired or sold by our Promoters, Promoter Group and/or by our Directors and their immediate relatives within six months immediately preceding the date of filing of this Draft Prospectus.

Sr. No.	Name of Shareholder	Promoter/ Promoter Group/ Director	Number of Equity Shares	Subscribed/ Acquired/ Transferred	Issue Price/Consideration per share(Rs)
1	Mr. Amitkumar Dalmia	Promoter/Director	145,557	Transfer	30
			366,114	Bonus Shares	Nil
2	Mr. Deepak Dalmia	Promoter/Director	145,556	Transfer	30
			366,112	Bonus Shares	Nil
3	Mr. Rajkumar Borana	Promoter/Director	145,557	Transfer	30

			628,614	Bonus Shares	Nil
4	Mr. Ankur Borana	Promoter/Director	145,556	Transfer	30
			628,612	Bonus Shares	Nil

10. Except for Bonus issue on Oct 9, 2013, there are no Equity Shares issued by our Company at a price lower than the Issue price during the preceding one year from the date of this Draft Prospectus.
11. None of our Promoters, Promoter Group, Directors and their relatives has entered into any financing arrangement or financed the purchase of the Equity Shares of our Company by any other person during the period of six months immediately preceding the date of filing of Draft Prospectus.
12. As on the date of filing of the Draft Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which would entitle Promoters or any shareholders or any other person any option to acquire our Equity Shares after this Initial Public Offer.
13. As on the date of this Draft Prospectus, the Issued Share Capital of our Company is Fully paid up.
14. Our Company has not raised any bridge loan against the proceeds of the Issue.
15. Since the entire issue price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.
16. As on the date of this Draft Prospectus, none of the shares held by our Promoters / Promoters Group are subject to any pledge.
17. Neither, we nor our Promoters, Directors and the LM to this Issue have entered into any buyback and / or standby arrangements and / or similar arrangements for the purchase of our Equity Shares from any person.
18. The LM and their associates do not hold any Equity Shares in our Company as on the date of filing of Draft Prospectus.
19. We here by confirm that there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from the date of the Draft Prospectus until the Equity Shares offered have been listed or application moneys refunded on account of failure of Issue.
20. Our Company does not presently intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. This is except if we enter into acquisition or joint ventures or make investments, in which case we may consider raising additional capital to fund such activity or use Equity Shares as a currency for acquisition or participation in such joint ventures or investments.
21. None of our Equity Shares have been issued out of revaluation reserve created out of revaluation of assets.
22. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to 3 year lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
23. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the LM and Designated Stock Exchange i.e. BSE. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.
24. In case of over-subscription in all categories the allocation in the issue shall be as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 and its amendments from time to time.
25. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
26. Our Company shall comply with such disclosure and accounting norms as may be specified by BSE, SEBI and other regulatory authorities from time to time.
27. As on the date of this Draft Prospectus, we do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

28. We have 27 (Twenty Seven) Shareholders as on the date of filing of the Draft Prospectus.
29. Till date our Company has not made any allotment of Equity Shares pursuant to any scheme approved under section 391- 394 of the Companies Act, 1956.
30. Our Promoters and Promoter Group will not participate in this Issue.
31. This Issue is being made through Fixed Price method.
32. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
33. No person connected with the Issue shall offer any incentive, whether direct or indirect, in the nature of discount, commission, and allowance, or otherwise, whether in cash, kind, services or otherwise, to any Applicant.
34. There are no safety net arrangements for this public issue.
35. We shall ensure that transactions in Equity Shares by the Promoters and members of the Promoter Group, if any, between the date of registering this Draft Prospectus with the ROC and the Issue Closing Date are reported to the Stock Exchanges within 24 hours of such transactions being completed.



## OBJECTS OF THE ISSUE

The Objects of the Issue are as follows:

- To reduce overall indebtedness of the Company by partial repayment of the outstanding Term Loan from Bank of India.
- To Meet the Issue Expenses

In addition, our Company expects to receive the benefits from listing of Equity Shares on the SME Platform of BSE. We believe that listing will enhance our corporate image and brand name of our Company.

Our Company is primarily engaged in Textile (Denim) Sector. The main objects clause of our Memorandum enables our Company to undertake its existing activities and these activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum.

The high debt situation has resulted from a combination of factors like High Input Cost Factors, Purchase of Fixed Assets and Other related factors in the Textile Industry. Further, we have been incurring heavy financial costs due to high debt by way of Term Loan / Cash Credit facility obtained from Bank with regard to expansion undertaken by our Company in the past years. Accordingly, our debt equity ratio in the following years has been high due to which our margins have been adversely affected.

Period	As at 30.09.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011
Total Debts (Rs in Lacs)*	4359.58	2449.98	1850.16	0.31
Debt Equity Ratio*	1.76	1.31	1.44	0.10

\*based upon Restated Financial Statements

In our endeavor to partly reduce the long term debt and consequently high interest cost for improved and better operating results in the coming years. Our Company intends to utilize the proposed Public Issue Proceeds towards the part repayment of Term Loan-II to the extent of Rs. 330.00 Lakhs against the total outstanding balance of Rs. 1814.70 Lakhs as on February 28, 2014 obtained from Bank of India.

For details of our outstanding borrowings, kindly refer to the Section titled “**Financial Indebtedness**” on page 153 of this Draft Prospectus.

**Requirement of Funds:** The following table summarizes our requirement of funds:

(Rs. In Lakhs)

Sr. No.	Particulars	Amount
1	Part Repayment of Term Loan-II taken from Bank of India	330.00
2	Issue Expenses	41.00
	<b>Total</b>	<b>371.00</b>

### Means of Finance

(Rs. In Lakhs)

Sr. No.	Particulars	Amount
1	Public Issue Proceeds	362.74
2	Internal Accruals	8.26
	<b>Total</b>	<b>371.00</b>

\*As per the Fund Deployment Certificate by the Statutory Auditors dated February 28, 2014.

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

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may, subject to compliance with applicable laws and regulations, also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Issue Proceeds. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals. Also, any decreased fund requirements that lead to additional funds available for deployment as compared to the funding requirements mentioned below, the same shall be utilized as per the discretion of our

management for general corporate purposes. In case of any delay in raising the funds proposed through this Issue, the Company shall utilize its Internal Accruals to pay for the Issue related expenses till then.

### Details of the use of the Issue Proceeds

#### 1. Part Repayment of Term Loan-II taken from Bank of India

We have availed debt facilities from Bank of India to finance the our expansion plans. Pursuant to a Certificate dated February 28, 2014, issued by our Statutory Auditors M/s. Pradeep Singhi & Associates details of our indebtedness, please see the section “**Financial Indebtedness**” beginning on page 153 of this Draft Prospectus.

We intend to utilize an amount of Rs.330.00 Lakhs out of the Net Proceeds of the Issue to part repayment of amount outstanding under the Term Loan-II availed by us from Bank of India.

The details of the Term Loan-II proposed to be repaid out of Net Proceeds of the Issue are provided in the table below:

Particulars	Status
Name of Bank /Financial Institution	Bank of India.
Nature of loan facility	Term Loan-II
Amount of Sanctioned Facility (in Rs Lakhs)	2500.00
Amount Disbursed (in Rs Lakhs)	2500.00
Amount Outstanding as on 28-2-2014 (in Rs Lakhs)*	1814.70
Date of sanction letter/facility agreement	13-3-2013
Tenor	84 months commencing after 9 months from first disbursement
Rate of Interest	3.75% above Base Rate
Interest Reset, if any	Linked to changes in the BPLR

\*As certified by M/s. Pradeep Singhi & Associates, Chartered Accountants pursuant to a certificate dated February 28, 2014.

#### 2. Public Issue Expenses

The estimated issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar’s fees, depository fees and listing Fees. The total expenses for this Issue are estimated to be approximately Rs.41.00 Lakhs.All the Issue related expenses shall be met out of the proceeds of the Issue and the break-up of the same is as follows:

Activity	Expenses (Rs in Lakhs)
Payment to Merchant Banker including Underwriting and Selling Commissions, Brokerages, Payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses*	33.50
Printing and Stationery and Postage Expenses	2.50
Advertising and Marketing expenses	2.00
Regulatory fees and expenses	3.00
<b>Total Estimated Issue Expenses</b>	<b>41.00</b>

**Proposed year-wise Deployment of Funds and Schedule of Implementation:**The proposed year wise break up of deployment of funds is as under:

				(Rs. In Lakhs)
Sr. No.	Particulars	Amount already incurred till date	Amount to be deployed in F.Y. 2014-15	Total
1	Part Repayment of Term Loan taken from Bank of India	-	330.00	330.00
2	Issue Expenses	8.26	32.76	41.00
	<b>Total</b>	<b>8.26</b>	<b>362.74</b>	<b>371.00</b>

#### Details of funds already deployed till date and sources of Funds Deployed:

Our Statutory Auditors - M/s. Pradeep Singhi & Associates., Chartered Accountants., have vide certificate dated February 28, 2014 confirmed that as on February 28, 2014 the Company has deployed the following funds from the proposed Requirement of Funds mentioned above. The amount spent so far is towards part of the Issue expenses and the same has been financed through internal sources

(Rs.in Lakhs)

Sr. No.	Particulars	Amount Deployed
1	Issue Expenses	8.26
	<b>Total</b>	<b>8.26</b>

**Sources of Financing for the Funds Deployed**

(Rs.in Lakhs)

Sr. No.	Particulars	Amount Deployed
1	Internal Accruals	8.26
	<b>Total</b>	<b>8.26</b>

**Appraisal**

None of the Objects have been appraised by any bank or financial institution or any other independent third party organization. The funding requirements of our Company and the deployment of the proceeds of the Issue are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

**Bridge Financing Facilities**

As on the date of this Draft Prospectus, we have not raised any bridge loans which are proposed to be repaid from the Net Proceeds.

**Shortfall of Funds**

Any shortfall in meeting the cost will be met by way of internal accruals.

**Monitoring Utilization of Funds**

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

**Interim Use of Proceeds**

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, we may invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in working capital loan accounts and other investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by our Board from time to time and at the prevailing commercial rates at the time of investment.

**Other Confirmations**

There is no material existing or anticipated transactions with our Promoter, our Directors, our Company's key Managerial personnel and Group Entities, in relation to the utilisation of the Net Proceeds. No part of the Net Proceeds will be paid by us as consideration to our Promoter, our Directors or key managerial personnel or our Group Entities, except in the normal course of business and in compliance with the applicable law.

### BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is Rs. 10/- and Issue Price is Rs.10/- per Equity Shares i.e. 1 (One) time the face value.

Investors should read the following summary with the **“Risk Factors”** beginning from page 8 of this Draft Prospectus, section titled **“About the Company”** beginning from page 68 and **“Financial Information”** beginning from page 119 of this Draft Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

#### QUALITATIVE FACTORS

- ✓ Experienced Management Team
- ✓ State of art Manufacturing Facility
- ✓ Strong Promoters
- ✓ Quality Product

For further details refer **“Our Business”** on page no 68 of the Draft Prospectus.

#### QUANTITATIVE FACTORS

Information presented in this section is derived from our Company's restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

##### 1. Basic & Diluted Earnings per Share (EPS) :

S. No	Particulars	EPS (Rs)	Weights
1	FY 2010-11	Nil	1
2	FY 2011-12	Nil	2
3	FY 2012-13	0.02	3
	<b>Weighted Average</b>	<b>0.01</b>	
	<b>Six months period ended September 30, 2013*</b>	<b>0.17</b>	

\*Not annualized

Notes:

- i. The figures disclosed above are based on the restated summary statements of the Company.
- ii. The face value of each Equity Share is Rs. 10.
- iii. Earnings per Share have been calculated in accordance with Accounting Standard 20 - Earnings per Share issued by the Institute of Chartered Accountants of India.
- iv. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexure IV.
- v. The EPS is Rs.0.13 for Six months period ended September 30, 2013 was calculated after considering the Bonus Shares issued Oct-9,2013

##### 2. Price Earning (P/E) Ratio in relation to the Issue Price of Rs.10/-

S. No	Particulars	P/E
1	P/E ratio based on the Basic & Diluted EPS for FY 2012-13	500.00
2	P/E ratio based on the Weighted Average EPS	1000.00

##### Peer Group P/ E

S. No	Particulars	P/E
1.	Highest (Lambodhara Textiles Limited)	0.80
2.	Lowest (SEL Manufacturing Company Limited)	16.20
3.	<b>Industry Composite (Textile –Cotton/Blended)</b>	<b>4.80</b>

**Source: Capital Market dated Feb17-March 02, 2014; Vol: XXVIII/26 Sector –Textile –Cotton/Blended**

### 3. Return on Net Worth (RoNW)\*

S.No	Particulars	RONW (%)	Weights
1	FY 2010-11	0.00	1
2	FY 2011-12	0.00	2
3	FY 2012-13	0.04	3
	<b>Weighted Average</b>	<b>0.02</b>	
	<b>Six months period ended September 30, 2013*</b>	<b>0.50</b>	

\*Restated PAT/Net Worth, as restated

**Minimum Return on Net Worth after Issue to maintain Pre-Issue EPS:** The minimum return on increased net worth required maintain Pre-Issue EPS for the financial year 2013:

(a) **Based on Basic and Diluted EPS for FY12-13 of Rs. 0.02 :**

- At an Issue Price of Rs.10– 0.10% on the restated financial statements.

(b) **Based on Weighted Average EPS of Rs.0.01:**

- At an Issue Price of Rs. Rs. 10 – 0.05% on the restated financial statements.

### 4. Net Asset Value per Equity Share

S.No	Particulars	NAV (Rs)	Weights
1	FY 2010-11	4.66	1
2	FY 2011-12	74.20	2
3	FY 2012-13	29.62	3
	<b>Weighted Average</b>	<b>40.32</b>	
	<b>Six months period ended September 30, 2013</b>	<b>29.86</b>	
	Issue Price	10	
	<b>NAV After Issue Price (Rs)</b>	<b>20.35</b>	

### 5. Comparison of Accounting Ratios with Industry Peer

S.No	Name of Company	Face Value (Rs)	EPS (Rs)#	PE	RoNW (%)	NAV per Share(Rs)
1	Aarvee Denims Limited	10	19.2	4.00	19.1	109.6
2	Arvind Limited	10	8.2	11.90	11.7	78.3
3	Ginni Filaments Limited	10	2.5	1.90	17.37	13.2
4	Jindal Worldwide Limited	10	6.70	7.90	12.5	57.50
5	Nandan Denim Limited	10	6.60	2.80	18.1	40.3
6	R&B Denims Limited	10	0.02	500.00	0.04	29.62

**Source: Capital Market dated Feb17-March 02, 2014; Vol: XXVIII/26**

\*Based on March 31, 2013 restated financial statements. # Standalone

The peer group identified is broadly based on the service lines that we are into but their scale of operations is not comparable to us.

- ✓ The Face value of our shares is Rs.10/- per share and the Issue Price is of Rs.10/- per share is 1 (One) time of the face value.
- ✓ Our Company in consultation with the Lead Manager believes that the Issue Price of Rs.10/- per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the risk factors and financials of the Company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment.
- ✓ Investors are requested to see the section titled "**Risk Factors**" and "**Financial Statements**" beginning on pages 8 and 119 respectively of the Draft Prospectus, including important profitability and return ratios, as set out in "**ANNEXURE W**" on page 150 of the Draft Prospectus to have a more informed view.

### BASIC TERMS OF ISSUE

The Equity Shares, now being offered, are subject to the terms and conditions of this Draft Prospectus, Prospectus, Application form, Confirmation of Allocation Note (“CAN”), the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, Stock Exchanges, 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.

The present issue has been authorized pursuant to a resolution of our Board dated December 05, 2013 and by Special Resolution passed under Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of our shareholders held on January 03, 2014.

<b>Face Value</b>	Each Equity Share shall have the Face Value of Rs. 10/- each.
<b>Issue Price</b>	Each Equity Share is being offered at a price of Rs. 10/- each.
<b>Market Lot and Trading Lot</b>	The Market lot and Trading lot for the Equity Share is 10,000 (Ten Thousand) and the multiple of 10,000; subject to a minimum allotment of 10,000 Equity Shares to the successful applicants.
<b>Terms of Payment</b>	100% of the issue price of Rs. 10/- shall be payable on Application. For more details please refer to page 189 of this Draft Prospectus.
<b>Ranking of the Equity Shares</b>	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

Since this Issue is 100% underwritten it is not restricted to any minimum subscription level. If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under the Companies Act.

For Further details refer Chapter “**Terms of Issue**” on page 189 of this Draft Prospectus.

**STATEMENT OF TAX BENEFITS**

To,  
The Board of Directors,  
R & B Denims Limited  
Block No. 467, Sachin Palsana Road,  
Palsana, Surat-394315,  
Gujarat, India

Dear Sirs,

**Sub: Statement of Possible Tax Benefits Available to the Company and its shareholders with regards to Initial Public Offer of R & B Denims Limited**

We hereby report that the enclosed statement provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income tax Act, 1961 (provisions of Finance Act, 2012), and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company faces in the future, the Company may or may not choose to fulfill.

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

- (i) Company or its shareholders will continue to obtain these benefits in future; or
- (ii) The conditions prescribed for availing the benefits has been/ would be met with

The contents of the enclosed statement 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.

**Pradeep Singhi & Associates**  
**Chartered Accountants**

Sd/-

**(Pradeep Kumar Singhi)**  
**Proprietor**  
**Mem no. 024612**  
**Firm Reg. No.: 108029W**  
**Place: Surat**  
**Date: February 28, 2014**

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

**Benefits available under the Income Tax Act, 1961 (The 'Income Tax Act'):**

**(i) Special tax benefits**

**1. Special tax benefits available to the Company**

There are no special tax benefits available to the Company.

**2. Special tax benefits available to the Shareholders of the Company**

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

**(ii) General tax benefits**

The Income Tax Act, 1961 and Wealth Tax Act, 1957 presently in force in India, make available the following general tax benefits to companies and to their shareholders. Several of these benefits are dependent on the companies or their shareholders fulfilling the conditions prescribed under the relevant provisions of the statute.

**I. Benefits to the company under the Income Tax Act, 1961 ("the Act"):**

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1. As per Section 10(34) of the Act, income earned by the Company by way of dividend income from another domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(35) of the Acts, the following income will be exempt from tax in the hands of the Company:
  - a) Income received in respect of the units of a Mutual Fund specified under section 10(23D) (other than income arising from transfer of such units); or
  - b) Income received in respect of units from the Administrator of the specified undertaking; or
  - c) Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

For this purpose (i), 'Administrator' mean the Administrator as referred to in section 2 (a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii), 'Specified Company' means a company as referred to in section 2 (h) of the said Act.

3. As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt 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 Mutual Fund specified under section 10 (23D) of the Act.

As per 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 Alternative Tax as follows-

Book Profit	A.Y. 2012-13	A.Y. 2013-14
If book profit is less than or equal to Rs. 1 Crore	19.055%	19.055%
If book profit is more than or Rs. 1 Crore	20.01%	20.01%

4. As per provisions of Section 48 of the Income Tax Act, Long term Capital Gain arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.



Under section 32 of the Act, the Company is entitled to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant Income Tax rules there under. In accordance with the subject to the conditions specified in Section 32(1)(iia) of the Act, the Company is entitled to an additional depreciation allowance of 20% of the cost of new machines acquired and put to use during a year.

5. As per section 54EC of the Act and subject to the conditions and to the extent 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 tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year. Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
6. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus higher education cess ) Further, short term gains as computed above that are not liable to STT would be subject to tax at a rate of 30% (plus applicable surcharge plus education cess plus higher education cess) in case of a company.
7. In accordance with section 112 of the Act, long-term capital gains to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge plus education cess plus higher education cess with indexation benefits. However, as per the proviso to Section 112 of the Act, if the tax on long-term capital gains is resulting from transfer of listed securities or units or zero coupon bonds, then long term capital gain will be chargeable to tax at the rate lower of the following: -
  - a) 20% (plus applicable surcharge plus education cess plus higher education cess of the capital gains as computed after indexation of the cost; or
  - b) 10% (plus applicable surcharge plus education cess plus higher education cess) of the capital gains as computed without indexation.
8. The amount of tax paid under section 115JB by the Company for any assessment year beginning on or after 1st April, 2006 will be available as credit to the extent specified in section 115JAA. In accordance with the provisions of Section 115JAA, from assessment year 2010-11 the credit is available for ten years succeeding the assessment year in which MAT credit becomes allowable.
9. Business losses, if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.
10. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against income from any other source in the subsequent assessment years as per section 32(2) subject to the provisions of section 72(2) and section 73(3) of the Act.
11. As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
12. As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long – term capital gains arising during subsequent eight assessment years.
13. Under Section 35 (1) (ii) and (iii) of the Act, in respect of any sum paid to a scientific research association which has as its object the undertaking of scientific research, or to any approved university, College or other institution to be used for scientific research or for research in social sciences or statistical scientific research to the extent of a sum equal to one and one fourth times the sum so paid. Under Section 35 (1) (iia) of the Act, any sum paid to a company, which is registered in India and which has as its main object the scientific research and development, and being approved by the prescribed authority and such other conditions as may be prescribed, shall also qualify for a deduction of one and one fourth times the amount so paid.
14. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
15. As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases the provisions of the Income tax Act shall apply to the extent they are more beneficial to the company. Section 91 provides for unilateral relief in respect of taxes paid in foreign countries.

## II. Benefits to the Members / Shareholders

### A. Resident Members / Shareholders

1. As per section 10(34) of the Act, income earned by the resident member by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs.1, 500/- per minor child.
3. As per section 10(38) of the Act, long term capital gains arising to the resident member from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of such members. However, in case the shareholder is a Company, income by way of long term capital gain shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the I.T. Act.
4. As per provisions of Section 48 of the Income Tax Act, Long term Capital Gain arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration
5. As per section 111A of the Act, short term capital gains arising to the resident members from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus higher education cess). Further, short term gains as computed above that are not liable to STT would be subject to tax at a rate of 30% (plus applicable surcharge plus education cess plus higher education cess) in case the shareholder is a company and it would be taxable at their normal tax rates in case the shareholder is other than a company.
6. In accordance with section 112 of the Act, long-term capital gains to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge plus education cess plus higher education cess) with indexation benefits. However, as per the proviso to Section 112 of the Act, if the tax on long-term capital gains is resulting from transfer of listed securities or units or zero coupon bonds, then long term capital gain will be chargeable to tax at the rate lower of the following: -
  - 20% (plus applicable surcharge plus education cess plus higher education cess) of the capital gains as computed after indexation of the cost; or
  - 10% (plus applicable surcharge plus education cess plus higher education cess) of the capital gains as computed without indexation.
7. As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
8. As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long – term capital gains arising during subsequent eight assessment years.
9. As per section 54EC of the Act and subject to the conditions and to the extent 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 tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year. Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
10. As per the provisions of section 54F of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years from the date of transfer.
11. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
12. The assessee is not entitled to a deduction in respect of the Security Transaction Tax ('STT') paid by him against the income chargeable under the head 'Capital Gains'.

13. As per provisions of Section 56(2)(vii) of the Income Tax Act and subject to exception provided in second proviso therein, where an individual or a HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value (as defined) of the shares and securities by an amount exceeding Rs. 50,000, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.
14. No income tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents.

**B. Non-Resident Indian Members / Shareholders or Non-Resident Members / Shareholders (other than FII and Foreign Venture Capital Investors):**

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs.1, 500/- per minor child.
3. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt. However, in case the shareholder is a Company, income by way of long term capital gain shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the I.T. Act.
4. As per section 111A of the Act, short term capital gains arising from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus higher education cess. Further, short term gains as computed above that are not liable to STT arising to non resident shareholders would be subject to tax at their normal tax rates (plus applicable surcharge plus education cess plus higher education cess).
5. In accordance with section 112 of the Act, long-term capital gains to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge plus education cess plus higher education cess) with indexation benefits. However, as per the proviso to Section 112 of the Act, if the tax on long-term capital gains is resulting from transfer of listed securities or units or zero coupon bonds, then long term capital gain will be chargeable to tax at the rate lower of the following: -
  - a) 20% (plus applicable surcharge plus education cess plus higher education cess) of the capital gains as computed after indexation of the cost; or
  - b) 10% (plus applicable surcharge plus education cess plus higher education cess) of the capital gains as computed without indexation.
6. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, will be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost indexation benefit will not be available in such a case.
7. As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
8. As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long - term capital gains arising during subsequent eight assessment years.
9. As per section 54EC of the Act and subject to the conditions and to the extent 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 tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year. Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
10. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) and subject to the condition specified therein arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years from the date of transfer.

11. As per provisions of Section 56(2)(vii) of the Income Tax Act and subject to exception provided in second proviso therein, where an individual or a HUF (if applicable) receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value (as defined) of the shares and securities by an amount exceeding Rs. 50,000, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.
12. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
13. Under the provisions of Section 195 of the Income Tax Act, any income (not being an income chargeable under the head 'Salaries'), payable to non residents, is subject to withholding tax as per the prescribed rate in force, subject to the tax treaty. Accordingly income tax may have to be deducted at source in the case of a non-resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.
14. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the nonresident.

**Special provision in respect of Income / LTCG from Specified Foreign Exchange Assets available to Non- Resident Indians (NRI) under Chapter XII-A of the Income Tax Act**

15. In accordance with section 115E, income from investment or income from long- term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% ((plus applicable surcharge plus education cess plus higher education cess). Income by way of long term capital gains in respect of a specified asset (as defined in section 115C (f) of the act), shall be chargeable at 10% (plus applicable surcharge plus education cess plus higher education cess).
16. In accordance with section 115F, subject to the conditions and to the extent specified therein, long- term capital gain arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Income-Tax Act.
17. In accordance with section 115G, it is not necessary for a Non resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act.
18. In accordance with section 115I, where a Non Resident Indian opts not to be governed by the provision of chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.
19. As per section 115H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

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**C. Foreign Institutional Investors (FII's)**

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge plus education cess plus higher education cess).
4. As per section 115 AD read with section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus higher education cess).

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

Nature of Income	Rate of tax (%)*
a) Long term capital gains	10
b) Short term capital gains (other than referred to in section 111A)	30

\*(plus applicable surcharge plus education cess plus higher education cess)

6. 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.
7. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
8. As per section 54EC of the Act and subject to the conditions and to the extent 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 tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year. Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

#### D. Benefits available to Mutual Funds

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India, would be exempt from income tax subject to the conditions as the Central Government may notify. However, the mutual funds shall be liable to pay tax on distributed income to unit holders under section 115 R of the act.

#### E. Benefits available to Venture Capital Companies/ Funds

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies / Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the exemption is restricted to the Venture Capital Company and Venture Capital Fund set up to raise funds for investment in a Venture Capital Undertaking, which is engaged in the business as specified under section 10(23FB)(c). However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

#### F. Benefits available under the Wealth Tax Act, 1957

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, no wealth tax will be payable on the market value of shares of the company held by the shareholder of the company.

#### Tax Treaty Benefits

An investor has an option to be governed by the provisions of the Income Tax Act, 1967 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.

#### Notes:

- In the above statement only basic tax rates have been enumerated and the same is subject to applicable surcharge plus education cess plus higher education cess, wherever applicable.
- The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
- All the above benefits are as per the current tax laws (including amendments made by the Finance Act 2012), legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above.
- Several of these benefits are dependent on the company and its shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.

- v) This statement is only extended 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 tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its investments in the shares of the Company.
- vi) In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
- vii) The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint shareholders.

## SECTION IV: ABOUT THE ISSUER COMPANY

### INDUSTRY OVERVIEW

#### Introduction

Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country. It contributes about 14% to the industrial production, 4% to the GDP and 11% to the country's export earnings. The textile sector is the second largest provider of employment after agriculture.

The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms/ hosiery and knitting sector 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 woolen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

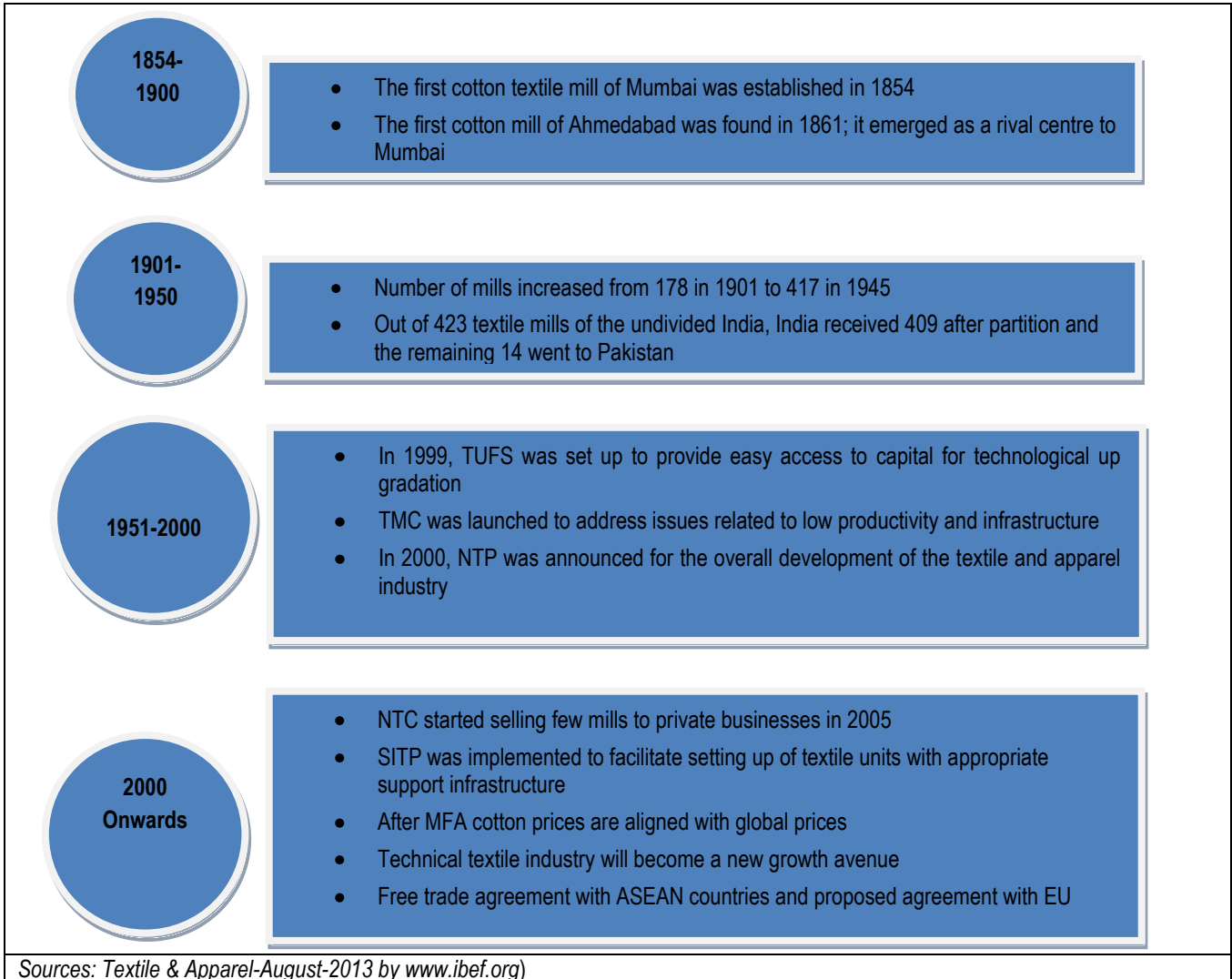
#### HIGHLIGHTS:

1. Textile plays major role in the Indian economy
2. It accounts for 27 per cent of foreign exchange inflows.
3. It contributes 14 per cent to industrial production and 4 per cent to GDP
4. With over 45 million people, the industry is one of the largest source of employment generation in the country
5. The industry accounts for nearly 11 per cent of total exports
6. The fundamental strength of the textile industry in India is its strong production base of wide range of fibre / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic.
7. India is the world's second largest producer of textiles and garments.
8. Indian textile industry accounts for about 24 per cent of the world's spindle capacity and eight per cent of global rotor capacity.
9. India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share
10. India accounts for about 14 per cent of the world's production of textile fibre and yarns (largest producer of jute, second largest producer of silk and cotton; and third largest in cellulosic fibre)

The size of India's textile market in 2011 was USD89.0 billion; the market is expected to expand at a CAGR of 10.1 per cent over 2009–21



## Evolution of Indian Textile Industry



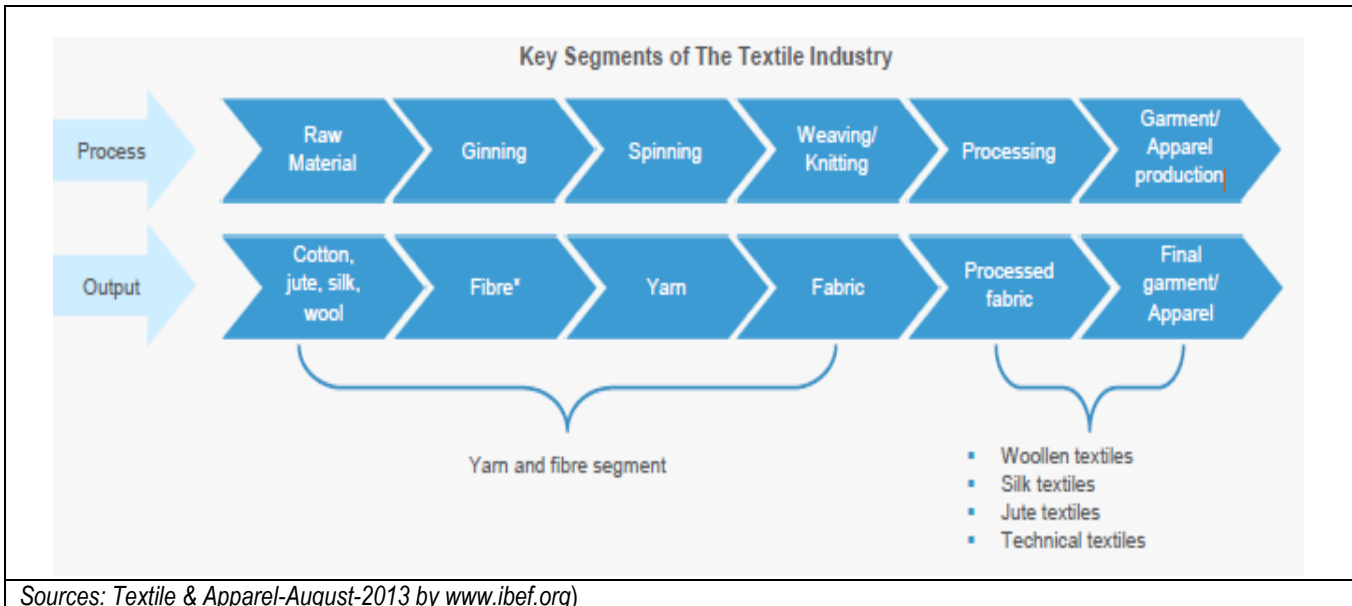
### Segments in Textile and Apparel Sector:

#### The textile and apparel industry can be broadly divided into two segments:

- Yarn and fibre (include natural and man-made)
- Processed fabrics (including woolen textiles, silk textiles, jute textiles, cotton textiles and technical textiles), readymade garments (RMGs) and apparel



### Key Segments in Textile Industry:



### Market Size

The industry is expected to touch US\$ 223 billion by 2021(E). Also, India has the capacity to improve its textile and apparel share in the world trade from the current 4.5 per cent to 8 per cent and reach US\$ 80 billion by 2020.

Garment exports from India grew by 19 per cent in the period July 2012–July 2013 to touch US\$ 1.27 billion, on the back of increasing demand in developed economies such as the US, according to data released by the Apparel Export Promotion Council (AEPC).

India has the advantage of abundant resources of raw materials. It is one of the largest producers of cotton yarn in the world and there are good resources of fibres such as polyester, silk, viscose, etc. The country is also home to a wide range of cotton fibre and has a rapidly developing synthetic fibre industry.

The most significant change in the Indian textile industry has been the advent of man-made fibres (MMF). India's innovative range of MMF textiles finds presence in almost all the countries across the globe. MMF production recorded an increase of 7 per cent in the month of August 2013 and grew by 4 per cent during April–August 2013.

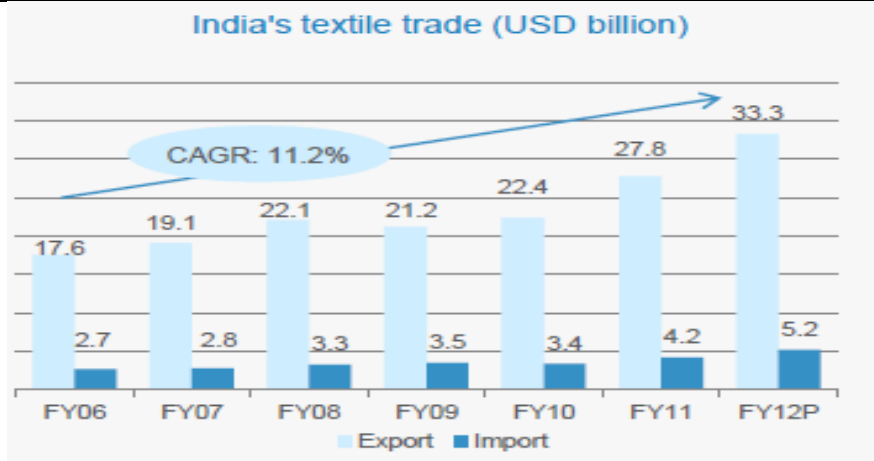
Cotton yarn production increased by about 10 per cent during August 2013 and by about 11 per cent during April–August 2013. Blended and 100 per cent non-cotton yarn production increased by 5 per cent during August 2013 and by 8 per cent during April–August 2013. Cloth production by mill sector registered a growth of 4 per cent during August 2013 and 10 per cent during April–August 2013. Cloth production by handloom and hosiery increased by 3 per cent and 12 per cent during April–August 2013. The total cloth production grew by 6 per cent during August 2013 and by 3 per cent during April–August 2013.

(Sources: <http://www.ibef.org>)

### EXPORTS

India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The report of Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at USD 64.11 billion by the end of March 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket.

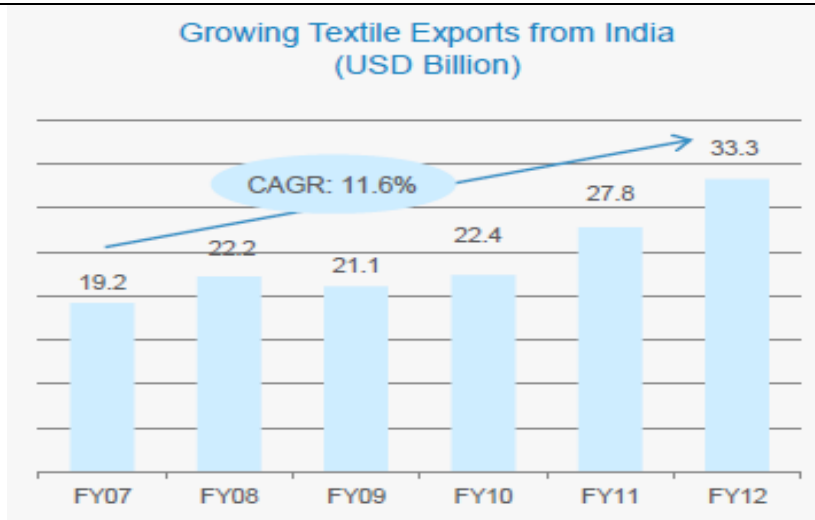
- Exports have been a core feature of India's textile and apparel sector, a fact corroborated by trade figures.
- Exports grew to USD33.3 billion in FY12 from USD17.6 billion in FY06, implying a CAGR of 11.2 per cent
- FY12 was a particularly good year for the sector, with exports surging at an annual rate of 19.8 per cent



(Sources: Textile & Apparel-August-2013 by www.ibef.org)

**EXPORTS GAINS FROM STRONG GLOBAL DEMAND:**

- Capacity built over years has led to low cost of production per unit in India's textile industry; this has lent a strong competitive advantage to the country's textile exporters relative to key global peers
- The sector has also witnessed increasing outsourcing over the years as Indian players moved up the value chain from being mere converters to vendor partners of global retail giants
- The strong performance of textile exports is reflected in the value of exports from the sector over the years; In FY12, textile exports jumped by 19.4 per cent to USD33.3 billion
- In the coming decades, Africa and Latin America could very well turn out to be key markets for Indian textiles



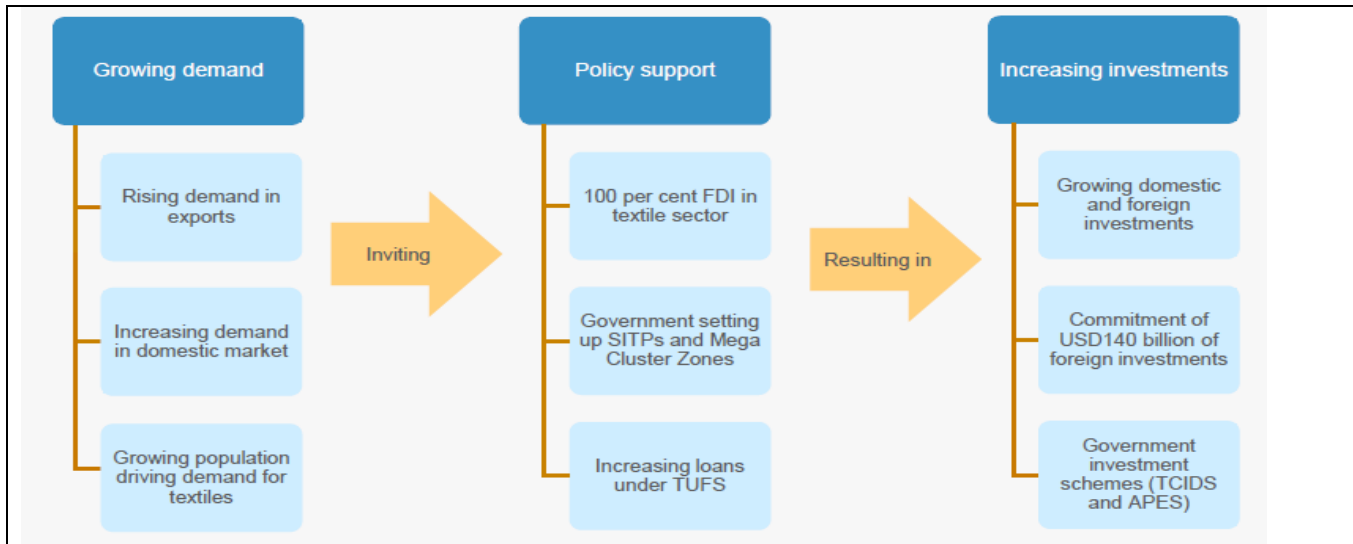
(Sources: Textile & Apparel-August-2013 by www.ibef.org)

**TRENDS IN INDIAN TEXTILE SECTOR**

<b>Increasing Investment in TUFs</b>	<ul style="list-style-type: none"> <li>• The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Upgradation Fund Scheme (TUFs) and cluster development activities.</li> <li>• TUFs in now extended to the 12th Five Year Plan, with an investment target of USD31.5 billion</li> </ul>
<b>Multi-Fibre Arrangement (MFA)</b>	<ul style="list-style-type: none"> <li>• With the expiry of MFA in January 2005, cotton prices in India are now fully integrated with international rates</li> </ul>
<b>Public-Private Partnership (PPP)</b>	<ul style="list-style-type: none"> <li>• The Ministry of Textiles commenced an initiative to establish institutes under the public-private partnership (PPP) model to encourage private sector participation in the development of the industry</li> </ul>
	<ul style="list-style-type: none"> <li>• Technical textiles, which has been growing at around twice the rate of textiles for clothing</li> </ul>

**Technical Textiles**

applications over the past few years, is now expected to post a CAGR of 20 per cent over FY11-17

**GROWTH DRIVERS:**

(Sources: *Textile & Apparel-August-2013* by [www.ibef.org](http://www.ibef.org))

**Investments**

Investment is the key for Indian textiles to make rapid strides. The industry (including dyed and printed) attracted FDI worth Rs 5,883.71 crore (US\$ 928.63 million) in the period April 2000–August 2013.

Some of the major investments in the Indian Textile Industry are as follows:

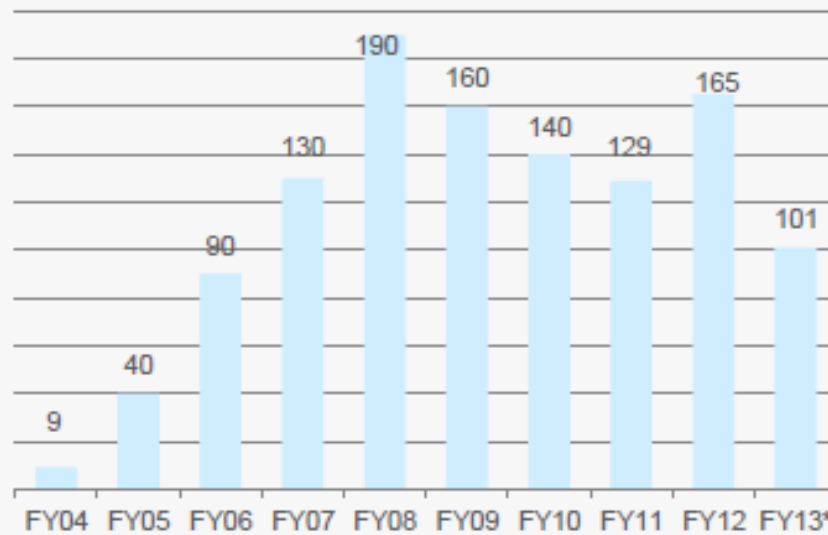
- Trident Ltd plans to invest Rs 1,667 crore (US\$ 263.24 million) to install 176,000 spindles and 500 looms to manufacture around 40,000 TPA of additional cotton yarn of higher count
- Exhilway, a US-based private equity firm, will fund a Kolkata-headquartered garments retail start-up firm Sconto Retail Pvt Ltd. The initial investment will only be in equity of around Rs 6 crore (US\$ 947,490.36), with the graded funding, both in equity and debt, likely to go up to Rs 24 crore (US\$ 3.79 million) by the first 18 months
- The DyStar Group and Arvind Ltd have signed an agreement for joint development in the field of denim. Dedicated teams from DyStar and Arvind's Denim Division will work closely to implement new technologies in indigo dyeing and finishing as well as develop new products, processes and effects for denim fabrics and garments
- Gitanjali Group has entered into the apparels segment as part of its brand extension of its popular brands and plans to set up 300 selling points across the country in 2013
- Swedish retailer Rusta plans to import Indian textiles and handicraft worth Rs 200 crore (US\$ 31.58 million) annually over the next 3-4 years

(Sources: <http://www.ibef.org>)

**FOREIGN INVESTMENTS:**

- 100 per cent FDI is approved in the sector
- FDI in the sector totalled USD1.22 billion between April 2000 and February 2013
- The textiles industry in India is experiencing a significant increase in collaboration between global majors and domestic companies
- International apparel giants, such as Hugo Boss, Liz Claiborne, Diesel and Kanz, have already started operations in India

Trends of FDI in Textile Industry (USD Million)



(Sources: Textile & Apparel-August-2013 by [www.ibef.org](http://www.ibef.org)) (\* Upto Feb 13)

### **INDIAN DENIM INDUSTRY**

India was a late entrant in denim manufacturing. Arvind started off with manufacturing denim fabric in the later half of the decade of 1980. For a long time, denim manufacturing remained concentrated in Gujarat, in and around Ahmedabad. Even today, Arvind continues to be the leader, in terms of both volume and quality, in India, with more than 100 million metres of fabric being produced by the company every year. However, several other players have been catching up with Arvind, in Gujarat, and also in other regions of the country. At the same time, along with the growth and expansion in fabric capacities, machinery manufacturers located in Gujarat have also contributed significantly in the evolution of denim industry in India.

### **Made in India - Indigenous Machinery Manufacturers for Denim Mills**

The Denim story of India began at Ahmedabad, in Gujarat, with Arvind setting up the first denim fabric manufacturing unit there. Ahmedabad is often referred to as the Denim capital of India and rightly so. Ahmedabad is home not only to over 10 denim fabric manufacturers, but also to indigenous textile machinery manufacturers and dyes and chemicals. The machinery manufacturers at Ahmedabad are established leaders and are offering a diverse range of indigenously manufactured machines for the various operations in denim fabric manufacturing. These companies are providing state-of-the-art machines which are at par in terms of performance with International machines, but are available at a lower cost. Here we are taking a closer look at four industry leaders, all machinery manufacturers, based at Ahmedabad, namely Dhall Group, Jaytex, Jupiter and Prashant.

**Denims Mills in India:** According to Denim Club India, there are around 35-40 Denim Mills in India with total capacity of around 870 million meters pa. Following are list of some Denim Mills

Sr. No	Denim Mill	Capacity(Million Meters Per Annum)
1	Aarvee Denims And Exports Ltd	85
2	Arvind Limited	110
3	Ashima Group - Unit Denim	10
4	Bhaskar Industries Limited	42
5	Blue Blends (India) Ltd.	18
6	Century Textile and Industries Ltd.	20
7	Etco Denim Pvt. Ltd.	50
8	Ginni International Ltd.	18
9	Jindal Worldwide Limited	20
10	Kanchan India Limited	20

11	KG Denim Limited	19
12	KG Fabriks Limited	12
13	LNJ Denim	18
14	Mafatlal Industries Limited	30

Src: <http://www.denimclubindia.org>

## OUR BUSINESS

***In this section “our Company” refers to the Company, while “we”, “us” and “our” refers to our Company***

Our company was incorporated on November 17, 2010 and we are into business of Manufacturing and Sale of quality Denim Textile. We started our commercial production in the FY 2012- 13 and have achieved the turnover of Rs. 6000.00 lacs in the first year itself. Today we are manufacturing various types of Denims ranging from 9 to 14 Oz/sq.yd and with Open End/ Ring Spun Yarns, Slub Yarns, Multi Count, Cottons and Polyester Spandex with Indigo Bottom Sulphur Toppings and Sulphur Bottom and Indigo Toppings with both Foam and Wet finishes at our state of art facility located near Surat, Gujarat. Our current installed capacity is 1.25 million meters pa. Moving forward, we intend to manufacture premium quality denim fabric and tap new markets.

Our Company is a promoted by the promoters of Rawatkhedha and Borana Group, which are well known names in the Surat Textile Market for last 30 years. Rawatkhedha group was established by Shri. Anand Dalmia and is into Textile Processing (Weaving, Printing & Embroidery) and Trading of Sarees/Dress materials at Surat. Borana group, promoted by Shri Mangilal Borana is into manufacturing of Grey Fabrics and Paper

Our promoters Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana have combined experience of more than 4 decades in Textile Business. One of our promoters, Mr. Amitkumar Dalmia was awarded with Rashtriya Udyog Ratna Award in the year 2011 by National Education & Human Resource Development Organisation for its Excellence in respective field.

We sell our products in the states of Delhi, Maharashtra, Gujarat, West Bengal & Karnataka through our 8 dealers.

For the year ended March 31, 2013, our Company's Total Income and Restated Profit after Tax was Rs. 6059.11 Lacs and Rs. 0.83 Lacs respectively. For the 6 months ended as on September 30, 2013, our Company's Total Income and Restated Profit After Tax was Rs. 4301.96Lacs and Rs. 12.50 Lacs, respectively.










### Our Location:

<b>Registered Office &amp; Factory</b>	Block No. 467, Sachin Palsana Road, Palsana, Surat-394315, Gujarat, India.
<b>Dealer Network</b>	
<b>DELHI</b>	Shree Bankey Behari Fabrics Pvt Ltd. IX /2884-2885, Shree Sita Ram Complex, Gurudwara Gali, Gandhi Nagar, Delhi-110031.
	J.D. Textiles, MCD, 40 Pvt No.9 Banarsi Das Building Main Road, Gandhi Nagar, Delhi-1100 31.
	Ankur Denim (P) Ltd. 9/644, Krishna Gali No.1, Subhash Road, Gandhi Nagar, Delhi-1100 31.
<b>MAHARASHTRA</b>	Nikkei Commodities Services Pvt. Ltd.37, 2nd Floor, Poddar Chambers, S.A. Marg, Fort,Mumbai- 400001
	Prem Prakash Fabrics, Sai Complex Shop No.4, Near Prabhudarshan Society, Dhudh Naka Ulhas Nagar ,Thane- 421005.
<b>WEST BENGAL</b>	Upvan Syntex Pvt.Ltd., 131, Cotton Street, "Gandhi Katra", Ground Floor, Kolkata – 700007
<b>GUJARAT</b>	Kanodia Textiles, Basement D.C Cloth Market, Near Meghdhoot Hotel, Sarangpur, Ahmedabad –380002
	Kirit Textiles, 442/B, Dudhwali Pole, Gheekanta. Ahmedabad – 380001
<b>KARNATAKA</b>	Maa Karani Textiles, Shop No. 3, Iyar Complex, Martin Road, Bellary -583101










Our Plant:




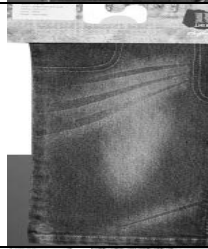
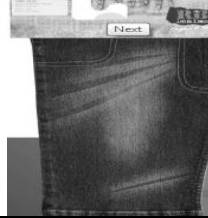









**Our Products:** Following are the list of various types of Denim Textile manufactured and sold by us.

Sr.No	Product Description	Product Image
<b>Category I: Pure Cotton</b>		
1	Sort: 1073 Weave: 3/1 BKN, COT R.S X R.S. SPAN Width: 58" [+/-1"] Ounce: 11.5 Shade: DIBST	
2	Sort: 1072 Weave: 3/1 BKN, COT R.S X R.S. SPAN Width: 57" [+/-1"] Ounce: 11.5 Shade: DIBST	
3	Sort: 24310 Weave: 4/1 LHT, COT X POLY SPAN Width: 60" [+/-1"] Ounce: 11 Shade: DARK IDIGO	
4	Sort: 24510 Weave: 4/1 LHT, COTTON X COTTON ELLI Width: 55" [+/-1"] Ounce: 10.5 Shade: DARK IDIGO	
5	Sort: D 92005 Weave: DOBBY, COTTON X POLY SPAN Width: 55" [+/-1"] Ounce: 11 Shade: DARK IDIGO	
6	Sort: D 92006 Weave: 3/1 RHT COTTON X COTTON SPAN Width: 55" [+/-1"] Ounce: 12.5 Shade: DIBST	
<b>Category II: Blended Cotton</b>		
7	Sort: 20130 Weave: 4/1 LHT COT ELLI X POLY SPAN Width: 55" [+/-1"] Ounce: 8.75 Shade: DEEP INDIGO	
8	Sort: 20140 Weave: 4/1 LHT, COT X POLY SPAN Width: 55" [+/-1"] Ounce: 8.75 Shade: DEEP INDIGO	
9	Sort: 22022 Weave: 3/1 BKN, COT X POLY SPAN Width: 55" [+/-1"] Ounce: 11 Shade: INDIGO	



<p>10</p>	<p>Sort: 22033 Weave: 3/1 BKN, COT X POLY SPAN Width: 55" [+/-1"] Ounce: 11 Shade: DIBST</p>	
<p>11</p>	<p>Sort: 22161 Weave: 2/1 BHT, COT X POLY SPAN Width: 64" [+/-1"] Ounce: 10.50 Shade: DARK INDIGO</p>	
<p>12</p>	<p>Sort: 23159 Weave: 2/1 BKN, COT X POLY SPAN Width: 60" [+/-1"] Ounce: 11 Shade: INDIGO</p>	
<p>13</p>	<p>Sort: 24120 Weave: 4/1 LHT, COT X POLY SPAN Width: 55" [+/-1"] Ounce: 10 Shade: DEEP INDIGO</p>	
<p>14</p>	<p>Sort: 24166 Weave: 4/1 LHT, COT X POLY SPAN Width: 54"- 55" Ounce: 10 Shade: DEEP INDIGO</p>	
<p>15</p>	<p>Sort: D 92007 Weave: 3/1 BKN, COTTON X R.S. SPAN Width: 57" [+/-1"] Ounce: 11.5 Shade: DIBST</p>	
<p>16</p>	<p>Sort: 92613 Weave: 2/1 RHT, COT X POLY SPAN Width: 58" [+/-1"] Ounce: 10 Shade: DEEP INDIGO</p>	
<p>17</p>	<p>Sort: D 93133 Weave: DOBBY, COTTON X POLY SPAN Width: 55" [+/-1"] Ounce: 11 Shade: DARK INDIGO</p>	
<p>18</p>	<p>Sort: 93154 Weave: 3/1 BKN, COTTON X POLY SPAN Width: 55" [+/-1"] Ounce: 10.5 Shade: DEEP INDIGO</p>	

<p>19</p>	<p>Sort: BLACK BOND Weave: 3/1 BKN, COTTON X POLY BLACK SPAN Width: 55" [+/-1"] Ounce: 10.5 Shade: DIBST</p>	
<p>20</p>	<p>Sort: BRICK BOND Weave: 3/1 BKN, COTTON X POLY BROWN SPAN Width: 55" [+/-1"] Ounce: 10.5 Shade: DEEP INDIGO</p>	
<p>21</p>	<p>Sort: MAROON BOND Weave: 3/1 BKN, COTTON X POLY MAROON SPAN Width: 55" [+/-1"] Ounce: 10.5 Shade: DEEP INDIGO</p>	
<p>22</p>	<p>Sort: PD 52 Weave: DOBBY, COTTON X POLY SPAN Width: 56" [+/-1"] Ounce: 10.5 Shade: DEEP INDIGO</p>	
<p>23</p>	<p>Sort: PD 53 Weave: DOBBY, COTTON X POLY SPAN Width: 57" [+/-1"] Ounce: 11 Shade: DARK INDIGO</p>	
<p>24</p>	<p>Sort: PD 55 Weave: DOBBY, COTTON X POLY SPAN Width: 56" [+/-1"] Ounce: 10.5 Shade: DIBST</p>	
<p>25</p>	<p>Sort: PD 57 Weave: DOBBY, COTTON X POLY SPAN Width: 56" [+/-1"] Ounce: 11 Shade: DEEP INDIGO</p>	
<p>26</p>	<p>Sort: PD 59 Weave: 2/1 RHT, COTTON X POLY SPAN Width: 67" [+/-1"] Ounce: 9.75 Sha Shade: DARK INDIGO</p>	

27	Sort: PD 60 Weave: DOBBY, COTTON X POLY SPAN Width: 56" [+/-1"] Ounce: 8.5 Shade: DEEP INDIGO	
28	Sort: PD 61 Weave: DOBBY, COTTON X POLY SPAN Width: 55" [+/-1"] Ounce: 11 Shade: DARK INDIGO	
29	Sort: PD 62 Weave: DOBBY, COTTON X POLY SPAN Width: 58" [+/-1"] Ounce: 10 Shade: DIBST	
30	Sort: PD 64 Weave: 3/1 BKN, COTTON X POLY SPAN Width: 57" [+/-1"] Ounce: 11.5 Shade: DIBST	

**SWOT ANALYSIS**

<b><u>STRENGTHS</u></b>	<b><u>WEAKENESS</u></b>
<ul style="list-style-type: none"> <li>✓ Experienced Management Team</li> <li>✓ State of Art Manufacturing Facility</li> <li>✓ Strong Promoter Background</li> <li>✓ Quality Products</li> </ul>	<ul style="list-style-type: none"> <li>✓ Low Margin</li> <li>✓ Limited Geographical Reach</li> </ul>
<b><u>OPPORTUNITIES</u></b>	<b><u>THREATS</u></b>
<ul style="list-style-type: none"> <li>✓ Huge Growth Potential in Domestic and International Market</li> <li>✓ Favorable Consumer Demographics</li> </ul>	<ul style="list-style-type: none"> <li>✓ Unorganized Sector</li> <li>✓ Volatile Markets depending upon availability of Supply of Raw Material</li> <li>✓ Demand Supply Mismatch</li> </ul>

**Our Competitive Strengths:**

- Experienced Management Team:** We have qualified and experienced management team which has substantially contributed to the growth of our business operations. Our Company is managed by a team of experienced and professional personnel with exposure in various aspects Textile industry (Weaving, Printing & Embroidery). Our Promoters Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana have combined experience of more than 4 decades in Textile Business. One of our promoters, Mr. Amitkumar Dalmia was awarded with Rashtriya Udyog Ratna Award in the year 2011 by National Education & Human Resource Development Organisation for its Excellence in respective field.
- State of Art Manufacturing Facility:** Our state of Art manufacturing facility is located near Surat in the state Gujarat, which is one of the major Textile markets in the country. Our Manufacturing Facility is equipped with Modern technology, Testing Lab, Quality Controls and Latest Brand New Machines which includes Air Jet Looms, Dryers, Auto Flame Control Singeing and Humidification Plant etc. Our manufacturing unit is fully integrated and self sufficient. The raw materials, consumables and other utilities are also readily available.

- Strong Promoters:** Our Company is promoted by the promoters of Rawatkhedha and Borana Group, which are well known names in the Surat Textile Market for last 30 years. Rawatkhedha group was established by Shri. Anand Dalmia and are into Textile Processing (Weaving, Printing & Embroidery) and Trading of Sarees/Dress materials at Surat. Borana Group, promoted by Shri Mangilal Borana is into manufacturing of Grey Fabrics and Paper.
- Quality Product:** Our Company adheres strictly on supplying quality products. We are specific about the quality of products manufactured by us and intensive care is taken to determine the standard of each and every inch of material dispatched from the plant. A highly efficient as well as fully functional lab has been put up, to test and run the quality check analysis.

**Our Business Strategy:** We intend to pursue the following strategies to leverage our competitive strengths and grow our business:

- Introduction of High Value Product:** Currently, we are manufacturing various types of Denims ranging from 9 to 14 Oz/sq.yd with Open End/ Ring Spun Yarns, Slub Yarns, Multi Count, Cottons and Polyester Spandex, Indigo Bottom Sulphur Toppings and Sulphur Bottom and Indigo Toppings. Moving forward, we intend to manufacture high value Denim textile which are below 9 Oz/sq.yd which will enable us to have higher margins.
- Increasing Geographical Presences:** Currently, we are operate in 5 states viz. Gujarat, Karnataka, West Bengal, Delhi and Maharashtra through our Dealer Network. In future, we intend to enter and capture new market eg. Bangalore, Chennai, Ludhiana & Exports Markets which will increase our geographical presence thereby increasing our customer base.
- Reduction of Debt:** One of our Business Strategy is to reduce our debt burden and consequently high interest cost for improved and thereby having better operating results in the coming years. Our Company intends to utilize the Issue Proceeds towards the Part Repayment of Term Loan-II to the extent of Rs. 330.00 Lacs against the Total Outstanding balance of Rs. Rs. 1814.70 Lacs as on February 28, 2014 obtained from Bank of India.
- Backward Integration:** Currently, we are purchasing cotton yarn and syntheteic yarn from outside parties for weaving of Denim fabric. In future we intend to enter into spinning of yarns which will enable us to have a meet our raw material requirement internally thereby reducing our dependence on outsiders and thereby becoming fully integrated ranging from fibre to fabric.
- Direct Selling to Brands:** Moving forward, we intend to tap new market and further sell directly to brands in addition to our authorized dealers. Direct Selling to brands like Levis, Lee, Pepe and Killer etc. This will enhance our reputation as well improve our margins.

#### **Capacity & Capacity Utilization:**

Particulars	Unit	Current		Estimated		
		2011 – 2012	2012 - 2013	2013-14	2014 – 2015	2015 – 2016
<b>Products: Denim Textile</b>						
<b>Total Production Capacity</b>	Meters/pa	No Production	12500000.00	12500000.00	20000000.00	22000000.00
<b>Capacity Utilization</b>	Meters/pa	No Production	8003711.00	8400000.00	17000000.00	18700000.00
<b>Capacity Utilization (%)</b>	Meters/pa	Nil	64.03	67.20	85.00	85.00

**Plant & Machinery:** Stated below are the brief details of some of the major equipment utilized by us:

Name of Major Machinery	Qty	Machine make/	Vendor
		Model No.	
Dryer	1	23805997	Ingersoil Rand (I) Ltd
Singeing Machine Roll	1	Face 2000MM; Two Burner Face	Menzel (USA)
Sizing Plant	1		Jupiter Comtex Pvt. Ltd.
HS Wrapping Machine	1	-	Jupiter Comtex Pvt. Ltd.
Centac CC700I, 3-STG,550KW, 5/8 CLR, FO:G650017 Air Compressor	1	17435272	Ingersoil Rand (I) Ltd
Starter Soft 550KW/415V FCMA Type	1	N11-1743-17393349	Ingersoil Rand (I) Ltd
Auto Control-Hunidification Plant & Parts	1		Luwa India Pvt. Ltd.

Compressive Shrinking Range	1		Dhall Enterprises & Engineers Pvt. Ltd.
Vikrant-Make Distribution Transformer	1		Vikrant Transformers
Auto Flame Controlled Singeing	1		Dhall Enterprises & Engineers Pvt. Ltd.
Rollins Rubber Sanfortsing Belt	1		Dhall Enterprises & Engineers Pvt. Ltd.
Fabric Roll Wrapping Machine	1	Laxipac-RW 1800mm	Virtex Engineers
Hydraulic Loading Platform	1	-	Cromwell Industries
Beatching Motion Machine	15		Harsiddhi Traders
Ramsons Tumble Drier	1	-	Ramsons Garment Finishing Equipments (P) Ltd.
Ramsons HydroExtractor	1	-	
Ramsons Washing Machine	2	-	
Air Compressor Machine	2		Hem Air System
Air Jet Looms	48 Sets	ZAX9100	Tsudakoma Corp. (Japan)
R.O Plant	1	-	Anil & Co.

**Collaborations/Tie Ups/ Joint Ventures:** As on date of this Draft Prospectus, we do not have any Collaboration/Tie Ups/ Joint Ventures.

### **Sales and Marketing:**

Marketing is an important function of our organisation. As on date, we sell our products in the states of Delhi, Maharashtra, Gujarat, West Bengal & Karnataka through our 8 dealers who are our prime customers. We manufacture our products depending upon order, feedback received from our dealers one month in advance. Based on experience of our promoters and market conditions, we do keep our buffer stock.

**Our Marketing Strategy:** We intend to pursue following marketing strategies:

- ✓ Increasing Dealer Network
- ✓ Tapping New Markets
- ✓ Direct Selling to Brands

### **Competition**

We are manufacturer of Denim Fabrics and face competition from various domestic and international players. Internationally there is competition from Asian peers such as China, Bangladesh and Vietnam who are lower cost manufacturers of denims and also enjoy more favourable duty structure on exports. According to Denim Club India, there are around 35-40 Denim Mills in India with Total Capacity of around 870 million meters pa. Domestically, we face competition from players like:

- ✓ Sangam (India) Limited
- ✓ Nandan Exim Limited
- ✓ Kanchan India Limited
- ✓ Jindal Worldwide Limited
- ✓ Vinod Denim

### **Raw Materials:**

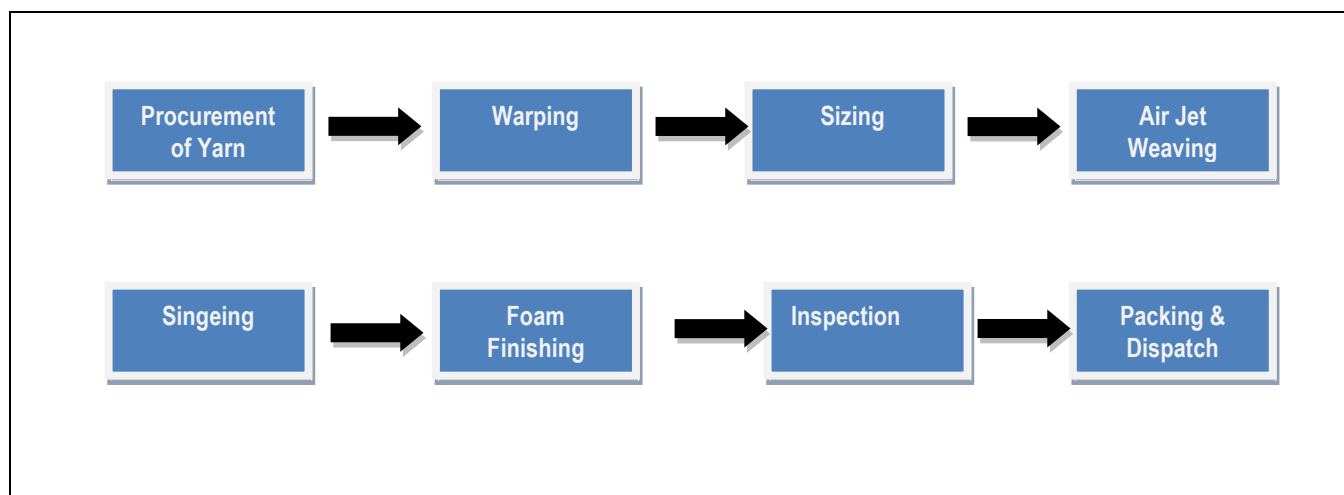
The main Raw Material for fabric is Cotton and Synthetic Yarn which is sourced locally. The list of top ten suppliers as on September 30, 2013 is as follows:

Particulars	(Rs in Lacs)	Percentage (%) of Total
Garden Silk Mills Ltd.	658.04	16.96
Ahuja Cotspin Pvt. Ltd.	342.76	8.83
Vibgyor Corporation	306.45	7.90
Rswm Limited (Denim Division)	284.21	7.33
Pratibha Syntex Ltd. (Oe)	283.54	7.31

Patidar Cot-Spin Pvt. Ltd.	280.42	7.23
Narendra Cotton Ginning & Pressing Co. Pvt.Ltd.	145.07	3.74
Supreme Tex Mart Ltd.	112.75	2.91
Bhaskar Industries (P) Ltd.	111.06	2.86
Mahima Purespun (A Unit Of Mahima Fibres Pvt Ltd.)	109.44	2.82
Bhavna Textiles Pvt. Ltd.	86.96	2.24
<b>Total</b>	<b>2720.71</b>	<b>70.13</b>

### **Manufacturing Process:**

The process sequence of manufacturing denim fabrics is (i) Procurement of Yarn (ii) Warping (iii) Sizing (iv) Air Jet Weaving v) Singeing (vi) Foam Finishing (vii) Inspection (viii) Packing & Dispatch. Each sequence is discussed in brief as under:



**Procurement of Yarn:** Our Company purchases yarn from the local market. Our Company uses cotton yarn and synthetic yarn to manufacture Denim fabrics. These raw materials are received on paper tubes, packed in cartons.

**Warping:** This is a process of preparing beams for the looms. The rolls are loaded on the creel stand of the warping machines. The purpose of warping is to arrange the threads parallel to one another, before further processing. The ends of the yarn are withdrawn from warping creel, evenly spaced in a sheet form and wound onto a beam of substantial length.

**Sizing:** Sizing leads to formation of a film around the yarn (size solution) thereby leading to improvement in abrasion resistance of the yarn and facilitating its running on the loom.

**Air Jet Weaving:** It is shuttle less loom, which uses a high-pressured burst of air to propel the filling thread through the shed; no mechanical device is needed to direct the filling thread.

In air jet weaving machine, weft thread is carried from left to right end of warp sheet using air pressure with the help of main air jet nozzles and relay nozzles. The air passage is through the profile reed having integrated tunnel or by the separate guide brought into the warp shed. As such thread travels in a guided air path created by relay nozzles. Relay nozzles are fixed in front of the reed at regular intervals and thread passes along the reed tunnel subject to air pressure.

**Singeing :** It removes protruding fibre by burning to make surface of the fabric smoother.

**Foam Finishing:** Final finishing machine for shrinkage and various finishes can be applied to the fabric.

**Inspection:** The product is made to pass onto inspection equipment for quality checkup before sending it for the mill process.

**Packaging & Dispatch:** After Inspection the fabric is packed and dispatch as per the orders.

**Infrastructure & Utilities:**

**Power:** Our Company meets its power requirements by purchasing electricity from Dakshin Gujarat Viji Company Limited which has released connected load of 2000 KVA.

In addition to above arrangement, our Company has one D.G. (Diesel Generator) Set of 250 KVA as a standby arrangement. Our fuel requirement for running DG set is 300 Litres/month.

**Water:** Our water requirement is low, as it is required only for the Siezing process. We use ground water to meet our current water requirements.

**Manpower:** Our Manufacturing facility is located near Surat, Gujarat which is one on the well known Textile Market in country. Therefore availability of and recruitment of the requisite quality manpower is ample. Further, trained and skilled manpower is also available. Allocation of labour is done in order to achieve optimum utilization of resource.

**Employee Profile:** Our Company is committed towards creating an organization that nurtures talent. We provide our employees an open atmosphere with a continuous learning platform that recognizes meritorious performance. The following is the break-up of our employees as on January 31, 2014:

Category	No. of Employees		
	Present	Proposed	Total
Administrative staff	60	Nil	60
Skilled Workers	70	Nil	70
Semi - Skilled Workers	50	Nil	50
Unskilled Workers	40	Nil	40
<b>Total</b>	<b>220</b>	<b>Nil</b>	<b>220</b>

### Export Possibilities & Export Obligation

Currently, we have an outstanding export obligation of Rs.615.99 lacs which needs to be fulfilled. This amount pertains to below mentioned EPCG License:

Sr.No.	EPCG License No.	Date of Issue	Duty Saved Amount in (Rs in lacs)	Amount of Export Obligations in US\$			Period till which obligation has to be completed from date of Issue
				Obtained	Completed	Pending	
1	5230009150/2/11/00	06/07/2011	141.47	2479169.33	NIL	2479169.33	8 Years
2	5230009796/2/11/00	29/11/2011	107.90	1724714.16	NIL	1724714.16	8 Years
3	5230010092/2/11/00	01/03/2012	8.52	135698.48	NIL	135698.48	8 Years
4	5230011317/2/11/00	07/03/2013	34.98	506453.86	NIL	506453.86	8 Years
5	5230011624/2/12/00	06/05/2013	180.11	1966619.83	NIL	1966619.83	6 Years
6	5230011874/2/12/00	05/06/2013	125.24	1378822.56	NIL	1378822.56	6 Years
7	5230011995/2/12/00	24/06/2013	15.04	163159.63	NIL	163159.63	6 Years
8	5230012103/2/12/00	05/07/2013	2.74	29676.45	NIL	29676.45	6 Years
<b>TOTAL</b>			<b>615.99</b>			<b>8384314.30</b>	




**Note: In case of 6 years Period:** The Export Obligation shall be worth US\$ as mentioned above i.e. Six times of the duty saved on import of capital goods on FOB basis within a period of 6 years (Block year 1<sup>st</sup> to 4<sup>th</sup> year -50% and 5<sup>th</sup> to 6<sup>th</sup> year –balance 50%) reckoned from the date of issue of authorization.

**In case of 8 years Period:** The Export Obligation shall be worth US\$ as mentioned above i.e. eight times of the duty saved on import of capital goods on FOB basis within a period of 8 years (12 years in case duty saved is Rs. 100 crore or more) from the date of issue of authorization. The export of obligation shall be fulfilled by the use of imported capital goods.

**Accreditations and Certification:** As on date, we do not have any accreditation and certifications.


**Intellectual Property:** We have made application for following with the Registrar of Trademarks. As on date, it is pending for Registration. The details of which are as follows:

#### Trademark:

S. No.	Particulars of Mark	Word/ Label Mark	Applicant	Date of Filing	Application No.	Class	Status
1.		Label	The Company	August 23, 2011	2193842	24	Advertised Acceptance Before
2.		Label	The Company	August 23, 2011	2193843	25	Advertised Acceptance Before
3.		Label	The Company	August 23, 2011	2193844	35	Advertised Acceptance Before



**Copyrights**

S. No.	Work	Particulars of Work	Registration No.	Applicant and Nature of the Applicant's Interest in the Copyright of the Work	Name of Author	Brief Particulars	Date of Extract from Register of Copyrights
1		Class and description of Work: Artistic Work  Title of Work: R & B Denims	A-107029/2013	The Company Owner	Mr. Amit Dalmia, Director of the Company	The work was first published in 2010 in India by the Company. It was subsequently published in 2013 in India by the Company.	October 22, 2013

**Properties:**

**Owned Properties:** Our Company does not own any property.

**Lease Properties:** The following property is taken on Lease:

S. no	Lessee	Owners	Brief Particulars	Considerations (Rs)	Date of Lease and Tenure
1	R&B Denims Limited	Mr. Amitkumar Dalmia Mr. Deepak Dalmia Mr. Rajkumar Borana & Mr. Ankur Borana	Land on which factory is Built  Area: 22,832 sq mtrs	8,000/-pm	Date of Deed: May 12, 2011 w.e.f. May 01, 2011 Tenure: 36 years

**Insurance:** The Details of Insurance Policies taken by us are as follows:

S. no	Policy No	Insurance Company	Brief Particulars	Property	Amount Insured (Rs in Lacs)	Date of Expiry
1	23050011130100002557	The New India Assurance Co. Ltd	Standard Dire and Special Perils Policy	Building, Plant & Machinery, Furniture & Fixture, Stocks	6260.00	22-09-2014
2	23050044135200000002	The New India Assurance Co. Ltd	Boiler and Pressure Plant Policy	Boiler & Pressure Plant	50.00	22-09-2014
3	23050044135100000008	The New India Assurance Co. Ltd	Machine Insurance Policy	Machineries	425.10	22-09-2014
4	23050044135800000009	The New India Assurance Co. Ltd.	Electronic Equipment Insurance Policy	Electronic Equipments	19.31	22-10-2014
5	23050044135800000010	The New India Assurance Co. Ltd.	Electronic Equipment Insurance Policy	Electronic Equipments	14.25	22-10-2014

## KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this Chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. For details of Government Approvals obtained by the Company in compliance with these regulations, kindly refer to the Chapter titled “**Government and Other Key Approvals**” beginning on page 168 of this Draft Prospectus

We are engaged in the manufacture and selling of Denim Fabric. Our business is governed by various central and state legislations that regulate the substantive and procedural aspects of our business. We are required to obtain and regularly renew certain licenses/registrations and / or permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye laws, acts and policies.

Given below is a brief description of the certain relevant legislations that are currently applicable to the business carried on by us.

### Labour Laws

#### **Employees Provident Fund and Miscellaneous Provisions Act, 1952**

Under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, compulsory provident fund, family pension fund and deposit linked insurance are payable to employees in factories and other establishments. The legislation provides that an establishment employing more than 20 (twenty) persons, either directly or indirectly, in any capacity whatsoever, is either required to constitute its own provident fund or subscribe to the statutory employee’s provident fund. The employer of such establishment is required to make a monthly contribution to the provident fund equivalent to the amount of the employee’s contribution to the provident fund.

There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

#### **Payment of Gratuity Act, 1972**

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of ‘five year continuous service’ is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days’ wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of Rs.10,00,000/- (Rupees Ten Lakhs Only) for an employee.

#### **The Employees State Insurance Act, 1948**

The Employees State Insurance Act, 1948 (the “**ESI Act**”) provides for certain benefits to employees in case of sickness, maternity and employment injury. The ESI Act is applicable to all factories including a factory belonging to the Government other than seasonal factories and any other establishment as the appropriate Government may determine. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. Employers of factories and establishments covered under the ESI Act are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from this requirement if employees receive benefits similar or superior to the benefits prescribed under the ESI Act. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

#### **The Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 was enacted to establish minimum wages for certain categories of employees. Under this Act, the Central and the State Governments stipulate the scheduled industries and establishments and fix minimum wages. The Act lists Agricultural and Non Agricultural employment where a prescribed minimum rate of wages is to be paid to employees.

#### **Payment of Bonus Act, 1965**

Pursuant to the Payment of Bonus Act, 1965, as amended, an employee in a factory or in any establishment where 20 (twenty) or more persons are employed on any day during an accounting year, who has worked for at least 30 (thirty) working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a Company is punishable with imprisonment upto six months or a fine up to Rs.1,000 or both.

**The Maternity Benefit Act, 1961**

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women in certain establishments for certain periods and to ensure that they get paid leave for a specified period before and after childbirth, or miscarriage or medical termination of pregnancy. It provides, *inter alia*, for payment of maternity benefits, medical bonus and prohibits the dismissal of and reduction of wages paid to pregnant women, etc.

**The Payment of Wages Act, 1936**

The Payment of Wages Act, 1936 ("PWA") is applicable to the payment of wages to persons in factories and other establishments. PWA ensures that wages that are payable to the employee are disbursed by the employer within the prescribed time limit and no deductions other than those prescribed by the law are made by the employer.

**Equal Remuneration Act, 1979**

Equal Remuneration Act, 1979 provides for payment of equal remuneration to men and women workers and for prevention of discrimination, on the ground of sex, against female employees in the matters of employment and for matters connected therewith.

**The Employees' Compensation Act, 1923**

The Employees' Compensation Act, 1923 (the "ECA") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries caused by accident(s) arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The ECA makes every employer liable to pay compensation in accordance with the ECA if a personal injury/disablement/ loss of life is caused to a workman by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the ECA within 1 (one) month from the date it falls due, the commissioner appointed under the ECA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

**The Factories Act, 1948**

The Factories Act, 1948 (the "Factories Act") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. An occupier of a factory under the Factories Act, means the person who has ultimate control over the affairs of the factory. The occupier or manager of the factory is required to obtain a registration for the factory. The Factories Act also requires *inter alia* the maintenance of various registers dealing with safety, labour standards, holidays and extent of child labour including their conditions. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory.

**The Gujarat Factories Rules, 1963**

The Gujarat Factories Rules, 1963 (the "Rules") seek to regulate labour employed in factories in the State of Gujarat and makes provisions for the safety, health and welfare of the workers. The Rules also mandate maintenance of certain statutory registers in the factory.

**The Industrial Disputes Act, 1948**

The Industrial Disputes Act, 1948 (the "IDA") was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the IDA have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond a prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The IDA also sets out certain requirements in relation to the termination of the services of the workman. The IDA includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment.

**Trade Union Act, 1926**

The Trade Union Act, 1926 governs the disputes which arise/ may arise between employers and workmen or between workmen and workmen, or between employers and employers in connection to their employment, non employment and the terms of employment or the conditions of labour. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

## Environment Related Laws

### ***Environment Protection Act, 1986***

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

### ***Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981***

Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 are the other major statutes in India which seek to regulate and protect the environment against pollution and related activities in India. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards which are vested with diverse powers to deal with water and air pollution, have been set up in each state.

In addition, the Ministry of Environment and Forests looks into Environment Impact Assessment. The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before granting clearances for the proposed projects.

In terms of the Water (Prevention and Control of Pollution) Act, 1974, any entity is inter-alia prohibited from knowingly causing or permitting the discharge of poisonous, noxious or polluting matter prescribed and also from establishing any industry, operation or process which is likely to discharge sewage trade effluents.

In terms of the Air (Prevention and Control of Pollution) Act, 1981, save and except with the consent of a State Pollution Control board, an entity is prohibited, from operating any industrial plant for the purpose of any industry specified thereunder in an air pollution control area. Further, an entity operating any industrial plant in an air pollution control area is prohibited from discharging or causing or permitting to be discharged the emission of any air pollutant in excess of the standards prescribed.

For details of the Company's consents and approvals under the environmental related legislations, kindly refer to the chapter titled "**Government and Other Key Approvals**" beginning on page 168 of this Draft Prospectus.

### ***Hazardous Waste (Management and Handling) Rules, 1989***

In exercise of the powers conferred by sections 6, 8 and 25 of the Environment (Protection) Act, 1986, the Central Government has laid down these rules. Under these Rules, The Occupier and the operator of a facility shall be responsible for proper collection, reception, treatment, storage and disposal of hazardous wastes listed in the schedule. It shall be his responsibility to take all steps to ensure that the wastes are properly handled and disposed of without any adverse effect to the environment.

## Intellectual Property

### ***The Trademarks Act, 1999 ("Trademarks Act")***

Under the Trademarks Act, 1999, a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The trademark, once applied for and which is accepted by the Registrar of Trademarks ("the Registrar"), is to be advertised in the trademarks journal by the Registrar. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued by the Registrar. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 years, which may be renewed for similar periods on payment of a prescribed renewal fee

### ***The Copyright Act, 1957 ("Copyright Act")***

The Copyright Act, grants protection to the authors of literary, artistic, dramatic, musical, photographic, cinematographic or sound recording works from unauthorized uses. Various rights including ownership and economic rights are conferred on the author. These include the right to reproduce the work in any form, issue copies to the public, perform it, and offer for sale and hire. The penalty for general infringement of copyright is imprisonment of maximum three years and a fine of up to `200,000.

## **Tax Related Legislations**

### ***The Central Sales Tax Act, 1956***

The Central Sales tax ("CST") is levied on the sale of moveable goods within India in the course of inter-state trade or commerce and is governed by the provisions of the Central Sales Tax Act, 1956. If the goods move between States pursuant to a sale arrangement, then the taxability of such sale is determined by the Central Sales Tax Act, 1956. On the other hand, the taxability of a sale of movable goods within the jurisdiction of the State is determined as per the local sales tax/Value Added Tax legislation in place within such State.

For details of the Company's material registrations under the applicable the CST legislations, kindly refer to the Chapter titled "**Government and Other Key Approvals**" beginning on page 168 of this Draft Prospectus.

### ***Value Added Tax***

Value Added tax ("VAT") is a system of multi-point levies on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period.

VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each State that has introduced VAT has its own VAT Act under which persons liable to pay VAT must register and obtain a registration number from the Sales Tax Officer of the respective State.

The Gujarat Value Added Tax Act, 2003 is applicable to the Company.

For details of the Company's material registration under the applicable said VAT legislation, kindly refer to the chapter titled "**Government and Other Key Approvals**" beginning on page 168 of this Draft Prospectus.

### ***Income-tax Act, 1961***

The Income-tax Act, 1961 ("IT Act") is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such company is also required to file its returns by September 30 of each assessment year.

### ***The Central Excise Act, 1944***

Excise duty imposes a liability on a manufacturer to pay excise duty on production or manufacture of goods in India. The Central Excise Act, 1944 is the principal legislation in this respect, which provides for the levy and collection of excise and also prescribes procedures for clearances from factory once the goods have been manufactured etc. Additionally, the Central Excise Tariff Act, 1985 prescribes the rates of excise duties for various goods.

### ***Service Tax***

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of 'taxable services', defined therein. The service provider of taxable services is required to collect service tax from the recipient of such services and pay such tax to the Government. Every person who is liable to pay this service tax must register himself with the appropriate authorities. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 6th of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a quarterly return in Form ST 3 by the 25th of the month immediately following the half year to which the return relates. Every assessee is required to file the quarterly return electronically.

## **Professional Tax**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

## **Other Laws**

### ***Transfer of Property Act, 1882 ("T.P. Act")***

The transfer of property, including immovable property, between living persons, as opposed to the transfer property by operation of law, is governed by the T.P. Act. The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. Transfer of property is subject to stamping and registration under the specific statutes enacted for the purposes which have been dealt with hereinafter.

The T.P. Act recognises, among others, the following forms in which an interest in an immovable property may be transferred:

- Sale: The transfer of ownership in property for a price, paid or promised to be paid.
- Mortgage: The transfer of an interest in property for the purpose of securing the payment of a loan, existing or future debt, or performance of an engagement which gives rise to a pecuniary liability. The T.P. Act recognises several forms of mortgages over a property.
- Charges: Transactions including the creation of security over property for payment of money to another which are not classifiable as a mortgage. Charges can be created either by operation of law, e.g. decree of the court attaching to specified immovable property, or by an act of the parties.
- Leases: The transfer of a right to enjoy property for consideration paid or rendered periodically or on specified occasions.
- Leave and License: The transfer of a right to do something upon immovable property without creating interest in the property.

Further, it may be noted that with regards to the transfer of any interest in a property, the transferor transfers such interest, including any incidents, in the property which he is capable of passing and under the law, he cannot transfer a better title than he himself possesses.

### ***The Registration Act, 1908***

The Registration Act, 1908 was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Act is used for proper recording of transactions relating to other immovable property also. The Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

### ***The Indian Stamp Act, 1899***

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the list, is governed by the provisions of the Stamp Act which is enacted by the Central Government. All others instruments are required to be stamped, as per the rates prescribed by the respective State Governments. Stamp duty is required to be paid on all the documents that are registered and as stated above the percentage of stamp duty payable varies from one state to another. Certain states in India have enacted their own legislation in relation to stamp duty while the other states have adopted and amended the Stamp Act, as per the rates applicable in the state. On such instruments stamp duty is payable at the rates specified in Schedule I of the Stamp Act.

Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Unstamped and deficiently stamped instruments can be impounded by the authority and validated by payment of penalty. The amount of penalty payable on such instruments may vary from state to state.

### ***The Indian Contract Act, 1872***

The Indian Contract Act, 1872 (“Contract Act”) codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and the breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract. The contracting parties themselves decide the rights and duties of parties and terms of agreement. ***The Specific Relief Act, 1963***

The Specific Relief Act is complimentary to the provisions of the Contract Act and the Transfer of Property Act, as the Act applies both to movable property and immovable property. The Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

### ***Competition Act, 2002***

The Competition Act 2002 (the “Competition Act”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Commission of India (the “Competition Commission”) which became operational from May 20, 2009 has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations.

The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

### ***The Companies Act, 1956***

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

### ***The Companies Act, 2013***

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs has vide its notification dated September 12, 2013 has notified 98 Sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification.

### **Regulations regarding Foreign Investment**

Under the Industrial Policy, FEMA, Consolidated FDI Policy dated April 05, 2013 issued by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry does not prescribe any cap on the foreign investments in the sector in which the Company operates. Therefore, foreign investment up to 100% is permitted in the Company under the automatic route. No approvals of the FIPB or the RBI are required for such Allotment of Equity Shares under this Issue. Our Company will be required to make certain filings with the RBI after the completion of the Issue for the allotment made to NRIs, PIOs and other persons resident outside India.

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable Regulations. The DIPP has issued ‘Circular 1 of 2013’ (the “FDI Circular”) which consolidates the policy framework on FDI, with effect from April 05, 2013. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till April 04, 2013. All the press notes, press releases, clarifications on FDI issued by DIPP till April 04, 2013 stand rescinded as on April 05, 2013. The DIPP has subsequently issued various press notes, which shall be read with the FDI Circular. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. Under the approval route, prior approval of the GoI through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating Foreign Investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

RBI has also issued Master Circular on Foreign Investment in India dated July 1, 2013. The said Circular shall stand withdrawn from July 2, 2014. In terms of the said Circular, an Indian company may issue fresh shares to persons resident outside India (who are eligible to make investments in India, which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the said Circular. As mentioned above, the Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.



## HISTORY AND CERTAIN CORPORATE MATTERS

### Our History and Background

Our Company was originally incorporated on November 17, 2010, as “R&B Denims Private Limited” under the provisions of the Companies Act, 1956 with the Registrar of Companies, Gujarat, and Dadra & Nagar Haveli. Subsequently, our Company was converted into a public limited company pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on December 15, 2010 and the name of our Company was changed to “R&B Denims Limited” vide a fresh Certificate of Incorporation dated March 8, 2011 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The Corporate Identification Number of our Company is U17120GJ2010PLC062949.

The Registered Office our company is situated at Block No. 467, Sachin Palsana Road, Palsana, Surat-394315, Gujarat, India.

### Changes in the Registered Office

There has been no change in our registered office since incorporation.

### Key Events and Mile Stones

Year	Key Events / Milestone / Achievements
2010	Incorporation of our Company.
2011	Conversion of our Company from Private Limited to Public Limited Company.
	Increase in the authorized share capital of the Company from Rs.2,50,00,000 divided into 25,00,000 Equity Shares of Rs.10/- each to Rs.5,50,00,000 divided into 55,00,000 Equity Shares of Rs.10/- each.
2012	Commencement of Commercial Production.
2013	Increase in the authorized share capital of the Company from Rs.5,50,00,000 divided into 55,00,000 Equity Shares of Rs.10/- each to Rs.25,50,00,000 divided into 2,55,00,000 Equity Shares of Rs.10/- each.
	Achieved Turnover of Rs. 6000.00 Lacs.

### Main Objects of our Company

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

To carry on the business of traders, exporters, importers, jobworkers, buyers, sellers, manufacturers and promoters of textile materials, fabrics, print saris, bed sheets, cotton printed fabrics, fabric materials, art silk, silk, wool, jute, hemp, linen, flax and/or other fibrous substances and goods whether textile, felted, netted, embroidered or looped or otherwise.

### Changes in Memorandum of Association

Except as stated below there has been no change in the Memorandum of Association of our Company since its Incorporation:

Date of Meeting	Changes in Authorized Share Capital
Incorporation	Authorized Share Capital of Rs.2, 50, 00,000 divided into 25, 00,000 Equity Shares of Rs.10/- each.
22-Jun-11	Increase in the Authorized Share Capital of the Company from Rs.2,50,00,000 divided into 25,00,000 Equity Shares of Rs.10/- each to Rs.5,50,00,000 divided into 55,00,000 Equity Shares of Rs.10/- each.
1-Feb-13	Increase in the Authorized Share Capital of the Company from Rs.5,50,00,000 divided into 55,00,000 Equity Shares of Rs.10/- each to Rs.25,50,00,000 divided into 2,55,00,000 Equity Shares of Rs.10/- each of which <b>Class A:</b> Rs.13, 50, 00,000 divided into 1, 35,00,000 Equity Shares of Rs.10/- each & <b>Class B:</b> Rs.12, 00, 00,000 divided into 12, 00,000 Equity Shares of Rs.100/- each.
15-Mar-13	Sub division of 12,00,000 Equity Shares of Class “B” of Face Value Rs. 100/-each in to 1,20,00,000 Equity Shares of Class “B” of Face Value Rs. 10/-each.
9-May-13	Re-classification of Class B: 60, 00, 000 Equity Shares of Rs.10/- each. Shares in to Class A.
3-Jan-14	Re-classification of Class B: 60, 00, 000 Equity Shares of Rs.10/- each. Shares in to Class A.

### Injunctions or Restraining Orders

There are no injunctions/ restraining orders that have been passed against the Company.

### Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets etc.

There are no mergers, amalgamation, revaluation of assets etc. with respect to our Company and we have not acquired any business/undertakings till date.

**Revaluation of Assets**

Our company has not revalued our assets since incorporation

**Defaults or rescheduling of borrowing**

Our Company has not defaulted or rescheduled its borrowing.

**Number of Shareholders of our Company**

Our Company has 27 (Twenty Seven) shareholders as on the date of filing of this Draft Prospectus.

**Changes in the activities of Our Company during the last five years**

There has been no change in our business activities of our Company since Incorporation till date of this Draft Prospectus

**Strikes and Lock-Outs**

Our company since incorporation has not been involved in the Labour disputes or disturbances including Strikes and Lock Outs. As on date, our employees are not unionised.

**Details of Subsidiaries**

As on the date of this Draft Prospectus, we do not have subsidiary(s).

**Shareholders Agreement**

There are no subsisting shareholders agreements among our shareholders in relation to our Company, to which our Company is a party or otherwise has notice of the same.

**OTHER AGREEMENTS:**

**Non Compete Agreement**

Our Company has not entered into any Non-compete Agreement as on the date of filing this Draft Prospectus.

**Joint Venture**

Except the agreements entered in the ordinary course of the business carried on or intended to be carried on by us, we have not entered into any other Joint Venture agreement

**Strategic Partners**

Our Company does not have any strategic partners as on the date of filing this Draft Prospectus.

**Financial Partners**

Our Company does not have any financial partners as on the date of filing this Draft Prospectus.

### OUR MANAGEMENT

As per the Articles of Association, our Company cannot have less than 3 Directors and more than 12 directors. A Board of Directors comprising of 8(Eight) Directors who currently manages our Company.

Mr. Rajkumar Borana (Chairman and Managing Director), Mr. Amitkumar Dalmia (Whole Time Director), Mr. Deepak Dalmia (Whole Time Director) & Mr. Ankur Borana (Whole Time Director) are suitably supported by team of professionals and technically qualified executives who carry out the day to day affairs of the business of our Company. All Executive Directors of our Company are under the direct control & superintendence of the Board of Directors.

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

Sr. No.	Name, Father's Name, Age, Designation, Address, Experience, Occupation, Qualifications & DIN	Date of Appointment	No. of Equity Shares held & % of Share holding (Pre Issue)	Other Directorships
1	Name: Mr. Rajkumar Borana S/o: Mr. Mangilal Ambalal Borana Age: 37years Designation: Chairman & Managing Director Address: 90, Subhash Nagar Society, Ghod Dod Road, Surat, Gujarat-395001, India Experience: 14 years Occupation: Business Qualifications: B. Com DIN:01091166	Appointed since Incorporation  Appointed as Managing Director vide EGM Resolution dated September 4, 2013 wef September 1, 2013 for a period of 5 years	9,42,921 Shares (9.17%)	<ul style="list-style-type: none"> <li>✓ Borana Filaments Pvt. Ltd.</li> <li>✓ Borana Automobiles Pvt Ltd</li> <li>✓ Sachin Paper Mills Pvt Ltd</li> </ul>
2	Name: Mr. Amitkumar Dalmia S/o: Mr. Anandbhai Vasudev Dalmia Age: 36 years Designation: Whole-Time & Executive Director Address: C-602/603, Regency Tower, Near Rajhans Cinema, Piplod, Surat, Gujarat-395007, India. Experience: 14 years Occupation: Business Qualifications: B. Com DIN:00034642	Appointed since Incorporation  Appointed as Whole Time Director in EGM dated January 03, 2014  Liable to Retire	5,49,171 Shares (5.34%)	<ul style="list-style-type: none"> <li>✓ Bhagwati Sintex Pvt Ltd</li> <li>✓ Rawatkedia Silk Mill Pvt Ltd</li> <li>✓ Rawatkedia Processors Pvt Ltd</li> <li>✓ Mayfair Vinimay Pvt Ltd</li> </ul>
3	Name: Mr. Deepak Dalmia S/o: Mr. Anandbhai Vasudev Dalmia Age: 34 years Designation: Whole-Time & Executive Director Address: C-602/603, Regency Tower, Near Rajhans Cinema, Piplod, Surat, Gujarat-395007, India Experience: 12 years Occupation: Business Qualifications: B.Com DIN:00050547	Appointed since Incorporation  Appointed as Whole Time Director in EGM dated January 03, 2014  Liable to Retire	5,49,168 Shares (5.34 %)	<ul style="list-style-type: none"> <li>✓ Bhagwati Sintex Pvt Ltd</li> <li>✓ Rawatkedia Silk Mill Pvt Ltd</li> <li>✓ Rawatkedia Processors Pvt Ltd</li> <li>✓ Mayfair Vinimay Pvt Ltd</li> </ul>
4	Name: Mr. Ankur Borana S/o: Mr. Mangilal Ambalal Borana Age: 33 years Designation: Whole-Time & Executive Director Address: 90, Subhash Nagar Society, Ghod Dod Road, Surat, Gujarat-395001, India. Experience: 12 years Occupation: Business Qualifications: HSC DIN:01091164	Appointed since Incorporation  Appointed as Whole Time Director in EGM dated January 03, 2014  Liable to Retire	9,42,918 Shares (9.17%)	<ul style="list-style-type: none"> <li>✓ Borana Filaments Pvt. Ltd.</li> <li>✓ Borana Automobiles Pvt Ltd</li> </ul>

Sr. No.	Name, Father's Name, Age, Designation, Address, Experience, Occupation, Qualifications & DIN	Date of Appointment	No. of Equity Shares held & % of Share holding (Pre Issue)	Other Directorships
5	Name: Mr. Girish Kumar Kalawatia S/o: Mr.Prahalad Rai Kalawatia Age: 53years Designation: Non Executive & Independent Director Address: B-702, Ashoka Pavilion, Opp Kapadia Health Club, Bhatar Road, Surat, Gujarat-395 001, India Experience: 28 years Occupation: Business Qualifications: B. Com DIN: 06687242	Appointed as Independent Director in EGM dated January 03 , 2014  Liable to Retire	NIL	NIL
6	Name: Mr. Manak Lal Tiwari S/o: Mr. Mohan Lal Tiwari Age: 61 years Designation: Non Executive & Independent Director Address:D-302, Indraprasth Apt, Near Maheshwari Bhavan, City Light Road, Surat, Gujarat-395 007, India Experience: 25 years Occupation: Business Qualifications: M. Com DIN: 06687259	Appointed as Independent Director in EGM dated January 03 , 2014  Liable to Retire	NIL	NIL
7	Name: Mr. Kapil Hemantkumar Hojiwala S/o: Mr. Hemantkumar H. Hojiwala Age: 34 years Designation: Non Executive & Independent Director Address:1002, Rupali High Rise, Nr Canal Bhatar Road, Surat, Gujarat-395 007, India Experience: 16 years Occupation: Business Qualifications: SSC DIN: 03528069	Appointed as Independent Director in EGM dated January 03, 2014  Liable to Retire	NIL	✓ Hojiwal Synthetics Pvt Limited
8	Name: Mr. Dharmesh Prafulchandra Mehta S/o: Mr. Prafulchandra J. Mehta Age: 36 years Designation: Non Executive & Independent Director Address:104, Payal Apt, Ankur Society, A.K.Road,Surat, Gujarat -395 008, India Experience: 14 years Occupation: Business Qualifications: M. Com & LLB DIN: 00514582	Appointed as Independent Director in EGM dated January 03 , 2014  Liable to Retire	NIL	✓ Kolaveri Textile Pvt Ltd

### **BRIEF PROFILES OF OUR DIRECTORS**

#### **1. Mr. Rajkumar Borana, Chairman and Managing Director, Age: 37 years**

Mr. Rajkumar Borana is the Chairman and Managing Director of our Company. He holds Bachelor Degree in Commerce from South Gujarat University and has more than 14 years of experience in the business of Textile and Paper. His experience and entrepreneurial skills has been instrumental in the overall growth of our Company. He is one of the founding members of our Company and actively involved in Financial Planning and Business Development activities.

**2. Mr. Amitkumar Dalmia, Whole-time Director, Age: 36 years**

Mr. Amitkumar Dalmia is the Whole-time Director of our Company. He holds Bachelor Degree in Commerce from South Gujarat University and has more than 14 years of experience in the business of Textile. His experience provides us deep insights about our industry and helps us to achieve new heights and build reputed image of ours in competitive market. He is one of the founding members of our company and actively involved in Manufacturing Process, Strategic Planning and Business Development activities.

**3. Mr. Deepak Dalmia, Whole-time Director, Age: 34 years**

Mr. Deepak Dalmia is the Whole-time Director of our Company. He holds Bachelor Degree in Commerce from University of Pune and has more than 12 years of experience in the business of Textile and overall management of affairs of a corporate. He is one of the founding members of our company and is actively involved in overall management of affairs of our company.

**4. Mr. Ankur Borana, Whole-time Director, Age: 33 years**

Mr. Ankur Borana is the Whole-time Director of our Company. He has completed his High Secondary Examinations from Gujarat Secondary Education Board, Gandhinagar and has more than 12 years of experience in the business of Textile and overall management of affairs of a corporate. He is one of the founding members of our company and is actively involved in overall management of affairs of our company.

**5. Mr. Girish Kumar Kalawatia, Non Executive & Independent Director, Age: 53 years**

Mr. Girish Kumar Kalawatia is the Non Executive & Independent Director of our Company. He holds Bachelor degree in Commerce from Rajasthan University. He has around 28 years of experience in Accounting Consultancy and Supply of Human Resources and has been appointed as Director on Board of Directors of our Company wef January 03, 2014. His vast and rich experience is valuable to us.

**6. Mr. Manak Lal Tiwari, Non Executive & Independent Director, Age: 61 years**

Mr. Manak Lal Tiwari is the Non Executive & Independent Director of our Company. He holds Bachelor and Master degree in Commerce from Rajasthan University. He has around 25 years of experience as Commission Agent of Yarns and has been appointed as Director on Board of Directors of our Company wef January 03, 2014. His knowledge of yarns is helpful to us.

**7. Mr. Kapil Hemantkumar Hojiwala, Non Executive & Independent Director, Age: 34 years**

Mr. Kapil Hemantkumar Hojiwala is the Non Executive & Independent Director of our Company. He has passed Matriculate Exams from Sanjeevan Vidyalaya, Panchgani. He has around 16 years of experience as Industrialist in manufacturing and weaving of Grey Cloth and has been appointed as Director on Board of Directors of our Company wef January 03, 2014. His presence on our Board enhances our goodwill.

**8. Mr. Dharmesh Prafulchandra Mehta, Non Executive & Independent Director, Age: 36 years**

Mr. Dharmesh Prafulchandra Mehta is the Non Executive & Independent Director of our company. He is Master of Commerce and LLB from Veer Narmad South Gujarat University. He has around 14 years of experience in Accountancy and Taxation has been appointed as Director on Board of Directors of our Company wef January 03, 2014. His rich and diverse experience adds values to our organisation.

**Nature of any family relationship between any of our Directors**

Except the details given below, none of our Directors are related to each others.

Name of Director	Relationship
Mr. Rajkumar Borana	Brother of Mr. Ankur Borana
Mr. Amitkumar Dalmia	Brother of Mr. Deepak Dalmia
Mr. Deepak Dalmia	Brother of Mr. Amitkumar Dalmia
Mr. Ankur Borana	Brother of Mr. Rajkumar Borana

We confirm that:

- We have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Directors were selected as Directors.
- The terms of appointment with our Managing Director do not provide for any benefit upon termination of employment except the

retirement benefits as applicable by law.

- None of our Directors is / was a Director in any listed Company, during the last five years from the date of filing of Draft Prospectus, whose shares have been / were suspended from being traded on the Bombay Stock Exchange Limited and / or National Stock Exchange of India Limited.
- Further, none of our Directors is / was a Director of any listed Company which has been / was delisted from any recognised Stock Exchange.
- None of the above mentioned Directors are on the RBI List of willful defaulters as on date of filing the Draft Prospectus.
- Further, our Company, our Promoters, persons forming part of our Promoter Group, Directors and persons in control of our Company has not been/are not debarred from accessing the capital market by SEBI.

#### **Details of Borrowing Powers of Directors**

Our Company has passed a resolution in the Extra Ordinary General Meeting of the members held on January 03, 2014 authorizing the Directors of the Company to borrow from time to time all such money as they may deem necessary for the purpose of business of our Company notwithstanding that money borrowed by the Company together with the monies already borrowed by our Company may exceed the aggregate of the paid up share capital and free reserves provided that the total amount borrowed by the Board of Directors shall not exceed the sum of Rs. 80.00 Crores (Rupees Eighty Crores only).

#### **Compensation of our Managing Director and Whole Time Directors**

The compensation payable to our Managing Director and Whole-time Directors will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act as applicable. The following compensation has been approved for Managing Director and Whole Time Directors:

Particulars	Mr. Rajkumar Borana	Mr. Amitkumar Dalmia	Mr. Deepak Dalmia	Mr. Ankur Borana
Resolution for Appointment	EGM Resolution dated September 4, 2013 wef September 1, 2013	EGM Resolution dated January 03, 2014	EGM Resolution dated January 03, 2014	EGM Resolution dated January 03, 2014
Designation	Chairman & Managing Director	Whole-time Director	Whole-time Director	Whole-time Director
Term	Upto 5 years	Liable to Retire	Liable to Retire	Liable to Retire
Remuneration	Rs. 3,00,000/- pa	Rs. 3,00,000/- pa	Rs. 3,00,000/- pa	Rs. 3,00,000/- pa

#### **SITTING FEE**

The Articles of Association of our Company provides that payment of sitting fees to Directors for attending a meeting of the Board or a Committee thereof shall be decided by the Board of Directors from time to time within the applicable maximum limits. Our Board of Directors have resolved in their meeting dated January 15, 2014, for payment of an amount of Rs. 3500/- per meeting /- (Rs. Three Thousand and Five Hundred only) to all Non-executive Directors for attending each such meeting of the Board or Committee thereof.

#### **Compensation paid and benefits in kind granted to Directors during the financial year 2012-13**

Following is the detail of compensation paid and benefits in kind granted to the Board of Directors of the Company during the financial year 2012-13:

Particulars	Compensation (Rs in Lacs)
Mr. Rajkumar Borana	3.00
Mr. Amitkumar Dalmia	3.00
Mr. Deepak Dalmia	3.00
Mr. Ankur Borana	3.00

#### **INTEREST OF DIRECTORS**

All the Directors of our Company may be deemed to be interested to the extent of 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 and firms, in which they are interested as Directors, Members and partners. 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.

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. Our Directors (Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana) are also interested in the lease deed dated May 12, 2011 entered between our company and them for the purpose of lease of land for period of 36 years wef May 01, 2011 on which our factory and building is build.

Except as stated otherwise in this Draft Prospectus, our Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft 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. For the details unsecured loan taken from our promoters please refer to **Annexure U “Statement of Related Party Transaction” page no. 144 of this Draft Prospectus.**

#### **SHAREHOLDING OF OUR DIRECTORS AS ON THE DATE OF THIS DRAFT PROSPECTUS**

Name of the Director	No. of Shares Held	Holding in %
Mr. Amit Kumar Dalmia	5,49,171	5.34
Mr. Deepak Dalmia	5,49,168	5.34
Mr. Rajkumar Mangilal Borana	9,42,921	9.17
Mr. Ankur Mangilal Borana	9,42,918	9.17
<b>TOTAL</b>	<b>29,84,178</b>	<b>29.02</b>

*None of the Independent Directors of Company holds any Equity Shares of our company as on the date of this Draft Prospectus.*

#### **CHANGES IN BOARD OF DIRECTORS IN LAST 3 YEARS**

Sr. No.	Name	Date & Nature of Change	Reasons for Change
1.	Mr. Rajkumar Borana	September 4, 2013 & Change in Designation	-
2.	Mr. Amitkumar Dalmia	January 03, 2014 & Change in Designation	-
3.	Mr. Deepak Dalmia	January 03, 2014 & Change in Designation	-
4.	Mr. Ankur Borana	January 03, 2014 & Change in Designation	-
5.	Mr. Girish Kumar Kalawatia	January 03, 2014 & Appointment	Expansion of Board
6.	Mr. Manaklal Tiwari	January 03, 2014 & Appointment	Expansion of Board
7.	Mr. Kapil Hemantkumar Hojiwala	January 03, 2014 & Appointment	Expansion of Board
8.	Mr. Dharmesh P. Mehta	January 03, 2014 & Appointment	Expansion of Board

#### **COMPLIANCE WITH CORPORATE GOVERNANCE**

The provisions of the SME Listing Agreement to be entered into with BSE 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 SME Platform of BSE Limited. Our Company is in compliance with Corporate Governance Code as per Clause 52 of the SME Listing Agreement to be entered into with the BSE Limited on listing. 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 and Remuneration Committees have already been complied with. Our Board of Directors consists of 8 directors of which 4 are Non-Executive Independent Directors (as defined under Clause 52), which constitutes 50% of the Board of Directors, which is in compliance with the requirements of Clause 52. Our Company has already constituted the following committees:

##### **1. Audit Committee**

Our Company has formed the Audit Committee vide Resolution of the Board of Director dated April 15, 2013 as per section 292A of Companies Act, 1956 and further reconstituted to comply corporate governance norms vide Resolution of the Board of Director dated January 15, 2014. The constituted Audit Committee comprises following members and the committee shall meet at least 4 times a year:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Girish Kumar Kalawatia	Chairman	Non Executive-Independent Director
Mr. Kapil Hemantkumar Hojiwala	Member	Non Executive-Independent Director
Mr. Dharmesh P. Mehta	Member	Non Executive-Independent Director
Mr. Rajkumar Borana	Member	Executive Director

The Company Secretary 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 and its terms of reference shall include the following:

**A. Tenure:** The Audit Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.

**B. Meetings of the Committee:** The committee shall meet at least four times in a year and not more than four months shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting.

**C. Role and Powers:** The Role of Audit Committee together with its powers shall be as under:

1. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approving 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;
  - b. changes, if any, in accounting policies and practices along with reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
8. 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;
9. Discussing with the internal auditors any significant findings and follow up there on;
10. 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;
11. Discussing with the 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;
12. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
13. Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;
14. Approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the equity listing agreements as and when amended from time to time.

Further, the Audit Committee shall mandatorily review the following:

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

## **2. Shareholder's / Investors Grievance Committee**

Our Company has formed the Shareholders / Investors Grievance Committee vide Resolution of the Board of Director dated January 15, 2014. The constituted Shareholders / Investors Grievance Committee comprises following the Chairman and members:



Name of the Director	Status in Committee	Nature of Directorship
Mr. Girish Kumar Kalawatia	Chairman	Non Executive-Independent Director
Mr. Kapil Hemantkumar Hojiwala	Member	Non Executive-Independent Director
Mr. Amitkumar Dalmia	Member	Whole Time Director

The Company Secretary of our Company shall act as a Secretary to the Shareholders / Investors Grievance Committee. The scope and function of the Shareholders / Investors Grievance Committee and its terms of reference shall include the following:

- A. Tenure :** The Shareholders / Investors Grievance Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Shareholders / Investors Grievance Committee as approved by the Board.
- B. Meetings:** The Shareholders'/Investors' Grievance Committee shall meet at least at least four times a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of Redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.
- C. Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:
- Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the cages in the reverse for recording transfers have been fully utilized.
  - Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
  - Review the process and mechanism of redressal of Shareholders /Investors grievance and suggest measures of improving the system of redressal of Shareholders /Investors grievances.
  - non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
  - Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
  - Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Probation of insider Trading) Regulations, 1992 as amended from time to time.
  - Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting,
  - Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

### 3. Remuneration Committee

Our Company has formed Remuneration Committee vide Resolution of the Board of Director dated August 14, 2013 as per schedule XIII of Companies Act, 1956 and further reconstituted to comply corporate governance norms vide Resolution of the Board of Director dated January 15, 2014. The Remuneration Committee comprises following Chairman and the members:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Girish Kumar Kalawatia	Chairman	Non Executive-Independent Director
Mr. Kapil Hemantkumar Hojiwala	Member	Non Executive-Independent Director
Mr. Manaklal Tiwari	Member	Non Executive-Independent Director
Mr. Dharmesh P. Mehta	Member	Non Executive-Independent Director

The Company Secretary of our Company shall act as a Secretary to the Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

- A. Tenure:** The Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.
- B. Meetings:** The committee shall meet as and when the need arise for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher.
- C. Terms of Reference:**
- Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights.
  - Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.

3. Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
4. Decide the amount of Commission payable to the Whole time Directors.
5. Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.
6. To formulate and administer the Employee Stock Option Scheme.

**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 SME Platform of BSE Limited. 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 at their meeting held on January 15, 2014 have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. Pardip Dave, 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.



### OUR KEY MANAGERIAL PERSONNEL

Our Company is supported by a well-laid team of experts and professionals having good exposure to various operational aspects of our line of business. A brief about the Key Managerial Personnel of our Company is given below:

Name, Designation & Educational Qualification	Age (Years)	Date of joining	Compensation paid for the F.Y ended 2013 (in Rs Lacs)	Over all experience (in years)	Previous employment
Name: Mr. Rajkumar Borana Designation: Chairman & Managing Director Qualification: B. Com	37	Since Incorporation	3.00	14	Entrepreneur
Name: Mr. Amitkumar Dalmia Designation: WholeTime Director Qualification: B. Com	36	Since Incorporation	3.00	14	Entrepreneur
Name: Mr. Deepak Dalmia Designation: WholeTime Director Qualification: B.Com	34	Since Incorporation	3.00	12	Entrepreneur
Name: Mr. Ankur Borana Designation: WholeTime Director Qualification: HSC	33	Since Incorporation	3.00	12	Entrepreneur
Name: Mr. Alpesh Patel Designation: Head Weaving Unit Qualification: B.Sc (Textile)	38	1-Jan -2012	2.25	19	✓ Jindal Worldwide Limited
Name: Mr. Hitesh Modi Designation: Head Processing Unit Qualification: Diploma (Fiber Processing)	38	1-May -2011	2.25	20	✓ Aarvee Denims & Exports Limited
Name: Mr. Gagan Biswal Designation: Head Quality Control Qualification: B.A & Diploma in textile Manufacturing	43	20-Feb-2013	0.25 (Current Rs.3.00)	18	✓ Shree Lakshmi Cotsyn Limited
Name: Ms. Paromita Chatterjee Designation: Head Human Resources Qualification: PGDBM	35	1-Dec-2012	1.20 (Current Rs.2.88)	9	✓ Trinity Academy for Corporate Training
Name: Mr. Pradip Dave Designation: Company Secretary & Compliance Officer & Asst. Financial Controller Qualification: CS & MBA (Fin)	26	15-Jan-14	Nil (Current Rs.2.10)	1.5	✓ Praveen Bazari & Co

#### BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

##### **1. Mr. Rajkumar Borana, Chairman and Managing Director, Age: 37 years**

Mr. Rajkumar Borana is the Chairman and Managing Director of our Company. He holds Bachelor Degree in Commerce from South Gujarat University and has more than 14 years of experience in the business of Textile and Paper. His experience and entrepreneurial skills has been instrumental in the overall growth of our Company. He is one of the founding members of our Company and actively involved in Financial Planning and Business Development activities.

##### **2. Mr. Amitkumar Dalmia, Whole-time Director, Age: 36 years**

Mr. Amitkumar Dalmia is the Whole-time Director of our Company. He holds Bachelor Degree in Commerce from South Gujarat University and has more than 14 years of experience in the business of Textile. His experience provides us deep insights about our industry and helps us to achieve new heights and build reputed image of ours in competitive market. He is one of the founding members of our company and actively involved in Manufacturing Process, Strategic Planning and Business Development activities.

##### **3. Mr. Deepak Dalmia, Whole-time Director, Age: 34 years**

Mr. Deepak Dalmia is the Whole-time Director of our Company. He holds Bachelor Degree in Commerce from University of Pune and has more than 12 years of experience in the business of Textile and overall management of affairs of a corporate. He is one of the founding members of our company and is actively involved in overall management of affairs of our company.

**4. Mr. Ankur Borana, Whole-time Director, Age: 33 years**

Mr. Ankur Borana is the Whole-time Director of our Company. He has completed his High Secondary Examinations from Gujarat Secondary Education Board, Gandhinagar and has more than 12 years of experience in the business of Textile and overall management of affairs of a corporate. He is one of the founding members of our company and is actively involved in overall management of affairs of our company.

**5. Mr. Alpesh Patel, Head Weaving Unit**

Mr. Alpesh Patel is the head of Weaving Unit of our company. He is a B.Sc (Textile and Clothing Technology) Graduate from Kyambogo University, Uganda and has more than 19 years of experience in the field of Textile Manufacturing. He takes care of weaving unit of our Company. Prior to joining our company, he was associated with Jindal Worldwide Limited. His last remuneration was Rs. 2.25 lacs pa.

**6. Mr. Hitesh Modi, Head Processing Unit**

Mr. Hitesh Modi is the head of Processing Unit of our company. He is a Diploma Holder in Fibre Processing and has more than 20 years of experience in the field of Textile Processing. He takes care of processing unit of our Company. Prior to joining our company he was associated with Aarvee Denims & Exports Limited. His last remuneration was Rs. 2.25 lacs pa.

**7. Mr. Gagan Biswal, Head Quality Control**

Mr. Gagan Biswal is the head of Quality Control our company. He holds Bachelor Degree in Arts from Utkal University and is a Diploma Holder in Textile Manufacture from The British Institutes Mumbai and has more than 18 years of experience in the field of Quality Control & Textile Manufacture. He takes care of Quality Control of our Company. Prior to joining our company, he was associated with Shri Lakshmi Cotsyn Limited.

**8. Ms. Paromita Chatterjee , Head of Human Resources**

Ms. Paromita Chatterjee is the head of Human Resources of our company. She has completed Post Graduate Diploma in Business Management in Human Resources from IMT, Ghaziabad and has more than 9 years of experience in its Functional Area. She takes care of Human Resources. Prior to joining our company, she was associated with Trinity Academy for Corporate Training.

**9. Mr. Pradip Dave , Company Secretary, Compliance Officer & Asst. Financial Controller**

Mr. Pradip Dave, is the Company Secretary, Compliance Officer & Asst. Financial Controller of our company. He is MBA in Finance from Bhagwan Mahavir College of Management, Surat & a Company Secretary from Institute of Company Secretaries of India and has more than 1.5 years of experience in his Functional Area. He takes care of Finance & Corporate Compliances of our company.

We confirm that:

- a. All the persons named as our Key Managerial Personnel above are the permanent employees of our Company.
- b. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned Key Managerial Personnel have been recruited.
- c. In respect of all above mentioned Key Managerial Personnel, there has been no contingent or deferred compensation accrued for the year ended March 2013.
- d. Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements or service contracts (including retirement and termination benefits) with the issuer.
- e. Our Company does not have any bonus/profit sharing plan for any of the Key Managerial Personnel.
- f. None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Draft Prospectus except Mr. Rajkumar Borana, Mr. Ankur Borana, Mr. Amitkumar Dalmia & Mr. Deepak Dalmia.
- g. Presently, we do not have ESOP/ESPS scheme for our employees.
- h. The turnover of KMPs is not high, compared to the Industry to which our belongs.
- i. Except Mr. Rajkumar Borana who is brother of Mr. Ankur Borana and Mr. Amitkumar Dalmia who is brother of Mr. Deepak Dalmia, no other Key Managerial Personnel are related to our Promoters & Directors

**Changes in the Key Managerial Personnel in last three years:**

There have been no changes in the Key Managerial Personnel of our Company during the last three year except as stated below:

Sr. No.	Name	Designation	Date of Appointment/Cessation/Promotion	Reasons
1.	Mr. Rajkumar Borana	Chairman & Managing Director	September 4, 2013	Change in Designation
2.	Mr. Ankur Borana	Whole-time Director	January 03, 2014	Change in Designation
3.	Mr. Amitkumar Dalmia	Whole-time Director	January 03,2014	Change in Designation
4.	Mr. Deepak Dalmia	Whole-time Director	January 03,2014	Change in Designation
5.	Mr. Pradip Dave	Company Secretary ,Compliance Officer & Asst. Financial Controller	January 03,2014	Appointment
6.	Ms. Paromita Chatterjee	Head Human Resources	December 01, 2012	Appointment
7.	Mr. Gagan Biswal	Head Quality Control	February 20, 2013	Appointment
8.	Mr. Hitesh Modi	Head Processing Unit	May 01, 2011	Appointment
9.	Mr. Alpesh Patel	Head Weaving Unit	January 01, 2012	Appointment

**INTEREST OF KEY MANAGERIAL PERSONNEL IN OUR COMPANY**

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except as stated otherwise in this Draft Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 (Two) years from the date of this Draft Prospectus in which the Key Managerial Personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.


**BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGEMENT PERSONNEL**


Our Company does not have any profit sharing plan with its Directors or its key managerial personnel. Our Company awards performance linked bonuses, as part of remuneration, to its key managerial personnel.



**OTHER BENEFITS TO OUR KEY MANAGERIAL PERSONNEL**

Except as stated in this Draft Prospectus there are no other benefits payable to our Key Managerial Personnel.

**OUR PROMOTERS**

	<b>Mr. Rajkumar Borana: Chairman &amp; Managing Director</b>	
	<b>Qualification</b>	B.Com
	<b>Age</b>	37 years
	<b>Address</b>	B. No. 90, Subhash Nagar Society, Ghod Dod Road, Surat, Gujarat-395001, India
	<b>Experience</b>	14 years
	<b>Occupation</b>	Business
	<b>Permanent Account Number</b>	ABBPB7746E
	<b>Passport Number</b>	K1893512
	<b>Name of Bank &amp; Bank Account Details</b>	<ul style="list-style-type: none"> <li>Sutex Co-Op. Bank Ltd., Bank Block Branch, Surat (A/c No:2480022006874)</li> <li>Punjab National Bank, 1<sup>st</sup> Floor, Meghani Tower, Station Road, Surat (A/c No: 0439000100106947)</li> </ul>
	<b>Driving License Number</b>	05/ST/96/DL/157108
	<b>Voter Identification Card Number</b>	THP3306123
	<b>Shareholding</b>	9,42,921 Equity Shares constituting 9.17% of Total Pre Issue Capital
	<b>Other Interests</b>	<p><b>Directorships in other companies:</b></p> <ul style="list-style-type: none"> <li>Borana Filaments Private Limited</li> <li>Borana Automobiles Private Limited</li> <li>Sachin Paper Mills Private Limited</li> </ul> <p><b>Shareholding &amp; Interest:</b></p> <ul style="list-style-type: none"> <li>Borana Filaments Private Limited</li> <li>Sachin Paper Mills Private Limited</li> <li>New National Fabrics</li> <li>Rajkumar Mangilal Borana HUF</li> <li>Raju Enterprises</li> </ul>

	<b>Mr. Amit Kumar Dalmia: Whole-Time Director</b>	
	<b>Qualification</b>	B.Com
	<b>Age</b>	36 years
	<b>Address-</b>	C-602/603, Regency Tower, Near Rajhans Cinema, Piplod, Surat, Gujarat-395007, India.
	<b>Experience</b>	14 years
	<b>Occupation</b>	Business
	<b>Permanent Account Number</b>	ABBPD6392C
	<b>Passport Number</b>	L4227187
	<b>Name of Bank &amp; Bank Account Details</b>	<ul style="list-style-type: none"> <li>Sutex Co-Op. Bank Ltd., Bank Block Branch, Surat (A/c No:2002414)</li> <li>HDFC Bank, Ring Road, Surat: (A/c No 02511000027231)</li> </ul>
	<b>Driving License Number</b>	GJ/05/20000313046
	<b>Voter Identification Card Number</b>	GBV7679251
	<b>Shareholding</b>	5,49,171 Equity Shares constituting 5.34% of Total Pre Issue Capital
<b>Other Interests</b>	<p><b>Directorships in other companies:</b></p> <ul style="list-style-type: none"> <li>Rawatkhedha Processors Private Limited</li> <li>Rawatkhedha Silk Mill Private Limited</li> <li>Mayfair Vinimay Private Limited</li> <li>Bhagwati Syntex Private Limited</li> </ul>	

		<b>Shareholding &amp; Interest:</b> <ul style="list-style-type: none"> <li>• Rawatkhedha Processors.Private Limited</li> <li>• Rawatkhedha Silk Mill Private Limited</li> <li>• Mayfair Vinimay Private Limited(As Karta of Amitkumar Dalmia HUF)</li> <li>• Bhagwati Syntex Private Limited</li> <li>• Amitkumar Dalmia HUF</li> </ul>
	<b>Mr. Deepak Dalmia: Whole-Time Director</b>	
	Qualification	B.Com
	Age	34 years
	Address	C-602/603, Regency Tower, Near Rajhans Cinema, Piplod, Surat, Gujarat-395007, India
	Experience	12 years
	Occupation	Business
	Permanent Account Number	ABBPD6396G
	Passport Number	L2997608
	Name of Bank & Bank Account Details	<ul style="list-style-type: none"> <li>• HDFC Bank, Ring Road, Surat (A/cNo:02511000027327)</li> </ul>
	Driving License Number	GJ05-2009-0986499
	Voter Identification Card Number	GBV7683857
	Shareholding	549168 Equity Shares constituting 5.34% Total Pre Issue Capital
	Other Interests	<b>Directorships in other companies:</b> <ul style="list-style-type: none"> <li>• Rawatkhedha Processors.Private Limited</li> <li>• Rawatkhedha Silk Mill Private Limited</li> <li>• Mayfair Vinimay Private Limited</li> <li>• Bhagwati Syntex Private Limited</li> </ul> <b>Shareholding &amp; Interest:</b> <ul style="list-style-type: none"> <li>• Rawatkhedha Processors.Private Limited</li> <li>• Rawatkhedha Silk Mill Private Limited</li> <li>• Mayfair Vinimay Private Limited(As karta of Deepak Dalmia HUF)</li> <li>• Bhagwati Syntex Private Limited</li> <li>• Deepak Dalmia HUF</li> </ul>
	<b>Mr. Ankur Borana: Whole-Time Director</b>	
	Qualification	HSC
	Age	33 years
	Address	B. No. 90, Subhash Nagar Society, Ghod Dod Road, Surat, Gujarat-395001, India.
	Experience	12 Years
	Occupation	Business
	Permanent Account Number	AFQPB5976H
	Passport Number	K1880606
	Name of Bank & Bank Account Details	<ul style="list-style-type: none"> <li>• Sutex Co-Op. Bank Ltd., Bank Block Branch, Surat: (A/c No: 24800220016876)</li> <li>• Punjab National Bank, 1st Floor, Meghani Tower, Station Road, Surat (A/c No: 0439000100106974)</li> </ul>
	Driving License Number	GJ05/500891/01
Voter Identification Card Number	THP3306081	
Shareholding	9,42,918 Equity Shares constituting 9.17% of Total Pre Issue Capital	



	Other Interests	<b>Directorships in other companies:</b> <ul style="list-style-type: none"> <li>• Borana Filaments Private Limited</li> <li>• Borana Automobiles Private Limited</li> </ul> <b>Shareholding &amp; Interest:</b> <ul style="list-style-type: none"> <li>• Borana Filaments Private Limited</li> <li>• Borana Automobiles Private Limited</li> <li>• Sachin Paper Mills Private Limited</li> <li>• Ankur Enterprise</li> <li>• Ankur Borana HUF</li> </ul>
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We confirm that the Permanent Account Number, Bank Account Number and Passport Number of all the above Promoters have been submitted to Bombay Stock Exchange Limited at the time of filing of this Draft Prospectus with them.

Further our Promoters have not been identified as willful defaulters by RBI or any other Government authority and there are no violations of Securities Law committed by our Promoters in past or pending against them. Our Promoters are not prohibited from accessing the capital markets and no order or direction has been passed by SEBI or any other regulatory/statutory authority.

### **Common Pursuits**

Our Promoters have promoted Companies viz Rawatkhedha Processors Private Limited., Rawatkhedha Silk Mill Private Limited, Bhagwati Syntex Private Limited Borana Filaments Private Limited., which are engaged in the line of business similar to our Company. As on the date of this Draft Prospectus, we cannot assure that our Promoters will not favor the interests of the said Company over our interest or that the said Company will not expand their businesses which may increase our chances of facing competition. This may adversely affect our business operations and financial condition of our Company. For details of our Promoter Group and Group Company refer to Section titled “***Our Promoter Group and Group Companies / Entities***” on page 105 of the Draft Prospectus.

We shall adopt the necessary procedures and practices as permitted by law to address any conflicting situations, as and when they may arise.

### **Interest of Promoters**

Our Promoters viz. Mr. Rajkumar Borana, Mr. Amitkumar Dalmia, Mr. Deepak Dalmia and Mr. Ankur Borana are interested to the extent of their shareholding in our Company and are also the Executive Directors of our Company may be deemed to be interested to the extent of remuneration, as per the terms of their appointment and reimbursement of expenses payable to them.

### **Interest in the Property of Our Company**

Except for the piece of land on which our registered office is situated/constructed is taken on lease and license basis from our promoter viz. Mr. Rajkumar Borana, Mr. Amitkumar Dalmia, Mr. Deepak Dalmia and Mr. Ankur Borana vide agreement dated May 12, 2011 for a period of 36 years. Our Promoters do not have any other interest in any property acquired by our Company in a period of two years before filing of this Draft Prospectus or proposed to be acquired by us as on date of filing of the Prospectus with ROC.

### **Related Party Transactions**

For the transactions with our Promoter Group entities, please refer to section titled “***Related Party Transactions***” on page 144 of this Draft Prospectus.

Except as stated in “***Related Party Transactions***” beginning on page 144 of the Draft Prospectus, and as stated therein, our Promoters or any of the Promoter Group Entities do not have any other interest in our business.

### **Payment or Benefit to Promoters of Our Company**

For details of payments or benefits paid to our Promoters, please refer to the paragraph “***Compensation of our Managing Director and Whole - time Directors***” in the chapter titled “***Our Management***” on page 89. Also refer Annexure – U ] on “***Related Party Transactions***” on page 144 forming part of “***Financial Information of the Company***” and Paragraph on “***Interest of Promoters***” on page 103 of this Draft Prospectus.

### **Other Ventures of our Promoters**

Save and except as disclosed in the section titled “***Our Promoters***” and “***Our Promoter Group and Group Companies / Entities***” beginning on page 101 & 105 respectively of this Draft Prospectus, there are no ventures promoted by our Promoters in which they have any business interests/ other interests.

**Litigation details pertaining to our Promoters**

For details on litigations and disputes pending against the Promoters and defaults made by the Promoters please refer to the section titled “***Outstanding Litigations and Material Developments***” beginning on page 161 of this Draft Prospectus.

### OUR PROMOTER GROUP AND GROUP COMPANIES / ENTITIES

In addition to the Promoters named above, the following natural persons are part of our Promoter Group in terms of Regulation 2(1) (zb) of SEBI (ICDR) Regulations:

Relationship	Mr. Rajkumar Borana	Mr. Amitkumar Dalmia	Mr. Deepak Dalmia	Mr. Ankur Borana
<b>Father</b>	Mr. Mangilal Ambalal Borana	Mr. Anandbhai Vasudev Dalmia	Mr. Anandbhai Vasudev Dalmia	Mr. Mangilal Ambalal Borana
<b>Mother</b>	Mrs. Mohini Devi Borana	Mrs. Shashi Dalmia	Mrs. Shashi Dalmia	Mrs. Mohini Devi Borana
<b>Spouse</b>	Mrs. Sharmila Borana	Mrs. Deepa Dalmia	Mrs. Sunaina Dalmia	Mrs. Dhawni Borana
<b>Brother</b>	Mr. Ankur Borana	Mr. Deepak Dalmia	Mr. Amit Kumar Dalmia	Mr. Rajkumar Borana
<b>Sister</b>	Mrs. Vijaya Vimal Rathod	Mrs. Vandana Goyal	Mrs. Vandana Goyal	Mrs. Vijaya Vimal Rathod
<b>Son</b>	Master Vivan Borana	Master. Nimit Dalmia	Master. Aarush Dalmia	1. Master. Jinay Borana 2. Master. Jijan Borana
<b>Daughter</b>	Ms. Kanshika Borana	Ms. Nishka Dalmia	Ms. Aashvi Dalmia	None
<b>Spouse's Father</b>	Mr. Chandan Mal Talesara	Mr. G.S. Kokra	Mr. Anil Goyal	Mr. Mithalal V. Mehta
<b>Spouse's Mother</b>	Mrs. Kanchan Talesara	Mrs. Sumitra Kokra	Mrs. Manju Goyal	Mrs. Pushpa M. Mehta
<b>Spouse's Brother</b>	Mr. Hitesh Talesara	1. Mr. Shashi Kokra 2. Mr. Sanjay Kokra	Mr. Sameer Goyal	None
<b>Spouse's Sister</b>	1. Mrs. Zinal Bhagar 2. Mrs. Hema Kothari 3. Mrs. Pushpa Rathore	None	None	1. Mrs. Shaily Solanki 2. Mrs. Garima Jain

Our Promoter Group as defined under Regulation 2 (zb) of the SEBI (ICDR) Regulations, 2009 includes following entities:

Nature of Relationship	Entity
Anybody corporate in which ten percent or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or HUF in which the promoter or any one or more of his immediate relative is a member.	<ul style="list-style-type: none"> <li>• Mayfair Vinimay Private Limited</li> <li>• Rawatkhedha Processors Private Limited</li> <li>• Rawatkhedha Silk Mill Private Limited</li> <li>• Bhagwati Syntex Private Limited</li> <li>• Borana Filaments Private Limited</li> <li>• Borana Automobiles Private Limited</li> <li>• Sachin Paper Mills Private Limited</li> </ul>
Any Body corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	<ul style="list-style-type: none"> <li>• Rawatkhedha Processors Private Limited</li> <li>• Rawatkhedha Silk Mill Private Limited</li> <li>• Bhagwati Syntex Private Limited</li> <li>• Borana Automobiles Private Limited</li> <li>• Sachin Paper Mills Private Limited</li> </ul>
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total	<ul style="list-style-type: none"> <li>• Rajkumar Mangilal Borana (HUF)</li> <li>• Amitkumar Anand Dalmia(HUF)</li> <li>• Deepak A. Dalmia (HUF)</li> <li>• Ankur Mangilal Borana (HUF)</li> <li>• M/s. New National Fabrics (Partnership)</li> <li>• M/s. Raju Enterprises (Proprietorship of Mr. Rajkumar Borana)</li> <li>• M/s. Ankur Enterprises (Proprietorship of Mr. Ankur Borana)</li> <li>• Hanjabai Family Trust</li> </ul>

## OUR GROUP COMPANIES/ENTITIES

Mayfair Vinimay Private Limited

<b>Name of Company</b>	Mayfair Vinimay Private Limited		
<b>Brief Business Activity</b>	The Company is engaged in the business of Trading and Merchant of FMCG Products		
<b>Date of Incorporation</b>	August 05,2004		
<b>CIN</b>	U51909WB2004PTC099339		
<b>PAN</b>	AAECM0021G		
<b>Registered Office</b>	161, Rabindra Sarani, 4 <sup>th</sup> Floor, Room No. 401, Kolkata- 700007, West Bengal, India		
<b>Status (Active/Dormant &amp; Listed/Unlisted)</b>	Active & Unlisted		
<b>Board Of Directors</b>	<b>Name</b>	<b>Designation</b>	
	Mr. Amitkumar Dalmia	Director	
	Mr. Deepak Dalmia	Director	
<b>Shareholding Pattern</b>	<b>Name</b>	<b>Shares</b>	<b>%</b>
	Deepak Dalmia(HUF)	70000	24.56
	Ms. Nishka Amit Dalmia#	48000	16.84
	Master Aarush Deepak Dalmia*	46000	16.14
	Master Nimit Amit Dalmia#	42000	14.74
	Amit Dalmia (HUF)	40960	14.37
	Ms. Aashvi Deepak Dalmia*	34000	11.93
	Mr. Vinay Dalmia	2000	0.70
	Mrs. Suman Dalmia	1160	0.41
	Vinay Dalmia HUF	880	0.31
<b>Total</b>	<b>285000</b>	<b>100</b>	
	<i>Minors are holding shares along with their Mother(Guardian) #: Mrs. Deepa Amitkumar Dalmia &amp; *: Mrs. Sunaina Deepak Dalmia</i>		
<b>Financial Information</b>			
<b>Particulars</b>	<b>FY 2013</b>	<b>FY 2012</b>	<b>(Rs in Lacs) FY 2011</b>
Equity Share Capital	28.50	28.50	28.50
Preference Share Capital	0	0	0
Reserves & Surplus	247.44	247.49	247.70
Less: Miscellaneous Expenditure if any	0	0	0.14
Networth	275.94	275.99	276.06
Total Income	0.01	0.01	2.35
Net Profit After Tax	-0.05	-0.21	0.16
EPS (Rs) (FV Rs. 10 Each)	-0.02	-0.07	0.06
NAV (Rs) (FV Rs. 10 Each)	96.82	96.84	96.86
<b>Other Disclosures</b>			
•	The Company is not a defunct Company		
•	The Equity Shares of the company are not listed on any of the Stock Exchanges and no action has been taken against the Company by any of the stock Exchange		
•	The Company has not made any public issue or rights issue in the preceding three years to the date of filing of this Draft Prospectus.		
•	The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. The company is not under the Board for Industrial and Financial Reconstruction.		

• The Company does not have any negative network in the past three financial years.
• The company not identified as a willful defaulter by the Reserve Bank of India.
• No proceedings have been initiated for economic offences against the company

### Rawatkhedha Processors Private Limited

<b>Name of Company</b>	Rawatkhedha Processors Private Limited		
<b>Brief Business Activity</b>	The Company is engaged in business of manufacturing, ginning, pressing, spinning, processing, balers, job workers or undertake dyeing, bleaching, sanforising, mercerizing, printing or otherwise processing of man-made fibres, cotton fibres, fabrics of cotton, silk, nylon, art silk, polyester, chiffon, acrylic, rayon, wool, shoddy, jute, hamp and other fibers and fabrics of textile products.		
<b>Date of Incorporation</b>	February 19, 2004		
<b>CIN</b>	U17111GJ2004PTC043648		
<b>PAN</b>	AACCR6915Q		
<b>Registered Office</b>	Plot No. 194, 184/3, Near Baleshwar Khadi, National Highway No. 8, Baleshwar, Taluka- Palsana, Surat, Gujarat, India		
<b>Status (Active/Dormant &amp; Listed/Unlisted)</b>	Active & Unlisted		
	<b>Name</b>	<b>Designation</b>	
<b>Board Of Directors</b>	Mr. Amitkumar Dalmia	Director	
	Mr. Anand Dalmia	Director	
	Mr. Deepak Dalmia	Director	
<b>Shareholding Pattern</b>	<b>Name</b>	<b>Shares</b>	<b>%</b>
	Mayfair Vinimay Private Limited	220000	22.39
	Rawatkhedha Silk Mill Private Limited	122000	12.42
	Bhagwati Syntex Private Limited	97000	9.87
	Mr. Deepak Dalmia	82500	8.40
	Master Nirmal Amit Dalmia#	82000	8.34
	Mrs. Shashi Devi Dalmia	80000	8.14
	Mrs. Sunaina Dalmia	75000	7.63
	Mrs. Deepa Dalmia	75000	7.63
	Ms. Nishka Amit Dalmia#	75000	7.63
	Mr. Amit Kumar Dalmia	53900	5.49
	Mr. Anandbhai Dalmia	20250	2.06
	<b>Total</b>	<b>982650</b>	<b>100</b>
<i>Minors are holding shares along with their Mother (Guardian) #: Mrs. Deepa Amitkumar Dalmia</i>			
<b>Financial Information</b>			
<b>Particulars</b>	<b>(Rs in Lacs)</b>		
	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
Equity Share Capital	98.27	98.27	98.27
Preference Share Capital	0	0	0
Reserves & Surplus	962.11	969.21	917.79
Less: Miscellaneous Expenditure if any	0	0	0.00
Networth	1060.38	1067.5	1016.02
Total Income	2168.25	2638.33	2995.14
Net Profit After Tax	-7.1	51.42	39.93

EPS (Rs) (FV Rs. 10 Each)	-0.72	5.23	4.06
NAV (Rs) (FV Rs. 10 Each)	107.90	108.63	103.39
<b>Other Disclosures</b>			
The Company is not a defunct Company			
The Equity Shares of the company are not listed on any of the Stock Exchanges and no action has been taken against the Company by any of the stock Exchange.			
The Company has not made any public issue or rights issue in the preceding three years to the date of filing of this Draft Prospectus.			
The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. The company is not under the Board for Industrial and Financial Reconstruction.			
The Company does not have any negative networth in the past three financial years.			
The company not identified as a willful defaulter by the Reserve Bank of India.			
No proceedings have been initiated for economic offences against the company.			

**Rawatkhedha Silk Mill Private Limited (Erstwhile Murli Synthetics Private Limited)**

<b>Name of Company</b>	Rawatkhedha Silk Mill Private Limited (Erstwhile Murli Synthetics Private Limited)		
<b>Brief Business Activity</b>	The Company is engaged in business of manufacture, export, import, process, dye, bleach, purchase, sell or dealing in either as wholesalers, semi-whole-sellers and commission agents for all type of fabrics including knitted fabrics, sarees and dress materials.		
<b>Date of Incorporation &amp; Name Change</b>	July 26, 1993 & Change of Name wef March 9, 2006		
<b>CIN</b>	U17110GJ1993PTC019897		
<b>PAN</b>	AABCM6165A		
<b>Registered Office</b>	572, G.I.D.C, Pandesara, Surat-394 221, Gujarat, India		
<b>Status (Active/Dormant &amp; Listed/Unlisted)</b>	Active & Unlisted		
<b>Board Of Directors</b>	<b>Name</b>	<b>Designation</b>	
	Mr. Amitkumar Dalmia	Director	
	Mr. Deepak Dalmia	Director	
<b>Shareholding Pattern</b>	<b>Name</b>	<b>Shares</b>	<b>%</b>
	Bhagwati Syntex Private Limited	350000	58.33
	Mayfair Vinimay Private Limited	150000	25.00
	Rawatkhedha Processors Private Limited	50000	8.33
	Master Nimit Dalmia <i>holding shares along with his Mother (Guardian) viz. Mrs. Deepa Amitkumar Dalmia</i>	25000	4.17
	Mr. Amitkumar Dalmia	8000	1.33
	Mr. Deepak Dalmia	8000	1.33
	Mrs. Deepa Dalmia	3000	0.50
	Mrs. Shashi Devi Dalmia	3000	0.50
	Mr. Anand Kumar Dalmia	3000	0.50
	<b>Total</b>	<b>600000</b>	<b>100</b>
<b>Financial Information</b>			
<b>Particulars</b>	<b>(Rs in Lacs)</b>		
	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
Equity Share Capital	60	60	60
Preference Share Capital	0	0	0
Reserves & Surplus	78.65	78.69	80.95
Less: Miscellaneous Expenditure if any	0	0	0
Networth	138.65	138.69	140.95

Total Income	7.56	0	12.38
Net Profit After Tax	-0.04	-2.25	6.45
EPS (Rs) (FV Rs. 10 Each)	-0.01	-0.38	1.08
NAV (Rs) (FV Rs. 10 Each)	23.11	23.12	23.49
<b>Other Disclosures</b>			
The Company is not a defunct Company.			
The Equity Shares of the company are not listed on any of the Stock Exchanges and no action has been taken against the Company by any of the stock Exchange.			
The Company has not made any public issue or rights issue in the preceding three years to the date of filing of this Draft Prospectus.			
The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. The company is not under the Board for Industrial and Financial Reconstruction.			
The Company does not have any negative networth in the past three financial years.			
The company not identified as a willful defaulter by the Reserve Bank of India.			
No proceedings have been initiated for economic offences against the company.			

**Bhagwati Syntex Private Limited**

<b>Name of Company</b>	Bhagwati Syntex Private Limited		
<b>Brief Business Activity</b>	The Company is engaged in the business of manufacturing, ginning, pressing, spinning, processing, balers, job workers or undertake dyeing, bleaching, sanforising, mercerizing, printing or otherwise processing of man-made fibers, cotton fibers, fabrics of cotton, silk, nylon, art silk, polyester, chiffon, acrylic, rayon, wool, shoddy, jute, hump and other fibers and fabrics of textile products.		
<b>Date of Incorporation</b>	August 29, 1997		
<b>CIN</b>	U17119GJ1997PTC032920		
<b>PAN</b>	AABCB1586A		
<b>Registered Office</b>	512, G.I.D.D.C, Pandesara, Surat-394 221, Gujarat, India		
<b>Status (Active/Dormant &amp; Listed/Unlisted)</b>	Active & Unlisted		
<b>Board Of Directors</b>	<b>Name</b>	<b>Designation</b>	
	Mr. Amitkumar Dalmia	Director	
	Mr. Anand Dalmia	Director	
	Mr. Deepak Dalmia	Director	
<b>Shareholding Pattern</b>	<b>Name</b>	<b>Shares</b>	<b>%</b>
	Rawatkhedha Silk Mill Private Limited	350000	37.63
	Mayfair Vinimay Private Limited	280000	30.11
	Anandkumar Dalmia (HUF)	119800	12.88
	Mr. Amitkumar Dalmia	70200	7.55
	Mr. Anandkumar Dalmia	60000	6.45
	Mr. Deepak Dalmia	50000	5.38
	<b>Total</b>	<b>930000</b>	<b>100</b>
<b>Financial Information</b>			
<b>Particulars</b>	<b>(Rs in Lacs)</b>		
	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
Equity Share Capital	93.00	93.00	93.00
Preference Share Capital	0	0	0
Reserves & Surplus	24.81	27.02	50.26
Less: Miscellaneous Expenditure if any	0	0	0
Networth	117.81	120.02	143.26
Total Income	4.05	94.43	86.94
Net Profit After Tax	-2.2	-23.24	-5.98

EPS (Rs) (FV Rs. 10 Each)	-0.24	-2.50	-0.64
NAV (Rs) (FV Rs. 10 Each)	12.67	12.91	15.40
<b>Other Disclosures</b>			
The Company is not a defunct Company.			
The Equity Shares of the company are not listed on any of the Stock Exchanges and no action has been taken against the Company by any of the stock Exchange.			
The Company has not made any public issue or rights issue in the preceding three years to the date of filing of this Draft Prospectus.			
The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. The company is not under the Board for Industrial and Financial Reconstruction.			
The Company does not have any negative networth in the past three financial years.			
The company not identified as a willful defaulter by the Reserve Bank of India.			
No proceedings have been initiated for economic offences against the company			

**Borana Automobiles Private Limited**

<b>Name of Company</b>	Borana Automobiles Private Limited		
<b>Brief Business Activity</b>	The Company is engaged in the business of stockiest, franchisers, agents, brokers, wholesalers, retailers, job workers in all types, varieties and models of four wheelers, two wheelers, three wheelers and other transport and earth moving equipments		
<b>Date of Incorporation</b>	August 10, 2005		
<b>CIN</b>	U50100GJ2005PTC046584		
<b>PAN</b>	AADCB0549H		
<b>Registered Office</b>	S/1236, Surat Textile Market, Ring Road, Surat-395 002, Gujarat, India		
<b>Status (Active/Dormant &amp; Listed/Unlisted)</b>	Active & Unlisted		
<b>Board Of Directors</b>	<b>Name</b>	<b>Designation</b>	
	Mr. Rajkumar Borana	Director	
	Mr. Ankur Borana	Director	
<b>Shareholding Pattern</b>	<b>Name</b>	<b>Shares</b>	<b>%</b>
	Mr. Rajkumar Borana	5000	12.12
	Mr. Rajkumar Borana	5000	12.12
	Borana Filaments Pvt Ltd	31250	75.76
	<b>Total</b>	<b>41250</b>	<b>100</b>
<b>Financial Information</b>			
<b>Particulars</b>	<b>(Rs in Lacs)</b>		
	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
Equity Share Capital	4.12	4.12	4.12
Preference Share Capital	0	0	0
Reserves & Surplus	21.87	21.87	21.87
Less: Miscellaneous Expenditure if any	0	0	0
Networth	25.99	25.99	25.99
Total Income	-	-	-
Net Profit After Tax	-	-	-
EPS (Rs) (FV Rs. 10 Each)	-	-	-
NAV (Rs) (FV Rs. 10 Each)	63.08	63.08	63.08
<b>Other Disclosures</b>			
The Company is not a defunct Company.			
The Equity Shares of the company are not listed on any of the Stock Exchanges and no action has been taken against the Company by any of the Stock Exchange.			



The Company has not made any public issue or rights issue in the preceding three years to the date of filing of this Draft Prospectus.
The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. The company is not under the Board for Industrial and Financial Reconstruction.
The Company does not have any negative networth in the past three financial years.
The company not identified as a willful defaulter by the Reserve Bank of India.
No proceedings have been initiated for economic offences against the company

### Borana Filaments Private Limited

<b>Name of Company</b>	Borana Filaments Private Limited		
<b>Brief Business Activity</b>	The Company is engaged in the business of manufactures, twisters, texturisers, crimpers, processors, spinners, doublers, weavers, ginners, tailors of industrial fabrics.		
<b>Date of Incorporation</b>	23-May-2002		
<b>CIN</b>	U17119GJ2002PTC040775		
<b>PAN</b>	AABCB8050D		
<b>Registered Office</b>	S/1236, Surat Textile Market, Ring Road, Surat-395 002, Gujarat, India		
<b>Status (Active/Dormant &amp; Listed/Unlisted)</b>	Active & Unlisted		
<b>Board Of Directors</b>	<b>Name</b>	<b>Designation</b>	
	Mr. Mangilal Borana	Director	
	Mr. Rajkumar Borana	Director	
	Mr. Ankur Borana	Director	
	Mr. Naresh Borana	Director	
<b>Shareholding Pattern</b>	<b>Name</b>	<b>Shares</b>	<b>%</b>
	Mr. Mangilal Borana	59500	10.45
	Mr. Rajkumar Borana	59500	10.45
	Mr. Ankur Borana	69500	12.20
	Mr. Nareshkumar Borana	62000	10.89
	Ankur Borana HUF	20000	3.51
	Mrs. Mohini Devi M. Borana	20000	3.51
	Mrs. Sharmila R. Borana	15000	2.63
	Mrs. Lalita N. Borana	15000	2.63
	Mangilal Borana HUF	57000	10.01
	Naresh Borana HUF	43000	7.55
	Rajkumar Borana HUF	64000	11.24
	Mrs. Dhawani N. Borana	15000	2.63
	Simpro Vanijya Private Limited	6000	1.05
	Shubh Suppliers Limited	6000	1.05
	Adbhut Sales Private Limited	6000	1.05
	Chakrapani Barter Private Limited	6000	1.05
	Hanuman Exports & Resources Private Limited	4000	0.70
	Swarnganga Vinimay Limited	5000	0.88
	Sapphire Distributors Private Limited	6000	1.05
	Landmark Suppliers Private Limited	5000	0.88
	Bonanza Dealer Private Limited	6000	1.05
Gungun Exports Private Limited	5000	0.88	
Gravity Impex Private Limited	5000	0.88	
Muskan Vyapar Private Limited	5000	0.88	
Khushi Vyapar Private Limited	5000	0.88	

	Total	569500	100
<b>Financial Information</b>			
<b>Particulars</b>	<b>(Rs in Lacs)</b>		
	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
Equity Share Capital	56.95	56.95	47.08
Preference Share Capital	0	0	0
Reserves & Surplus	384.01	385.83	46.94
Less: Miscellaneous Expenditure if any	0	0	0.08
Networth	440.96	442.78	93.94
Total Income	2591.42	2888.65	2440.68
Net Profit After Tax	-1.81	-9.86	-8.22
EPS (Rs) (FV Rs. 10 Each)	-0.32	-1.73	-0.02
NAV (Rs) (FV Rs. 10 Each)	77.43	77.75	19.95
<b>Other Disclosures</b>			
The Company is not a defunct Company.			
The Equity Shares of the company are not listed on any of the Stock Exchanges and no action has been taken against the Company by any of the stock Exchange.			
The Company has not made any public issue or rights issue in the preceding three years to the date of filing of this Draft Prospectus.			
The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. The company is not under the Board for Industrial and Financial Reconstruction.			
The Company does not have any negative networth in the past three financial years.			
The company not identified as a willful defaulter by the Reserve Bank of India.			
No proceedings have been initiated for economic offences against the company.			

**Sachin Paper Mills Private Limited**

<b>Name of Company</b>	Sachin Paper Mills Private Limited		
<b>Brief Business Activity</b>	The Company is engaged in the business of manufacturing, purchasing, processing, selling and reselling of various types of Paper		
<b>Date of Incorporation</b>	11-Oct-1995		
<b>CIN</b>	U21019GJ1995PTC027748		
<b>PAN</b>	AADCS3796F		
<b>Registered Office</b>	Plot No. B-21/8-9, Sachin Udyognagar Sahkhari Mandli, Sachin Palsana Highway Road, Vanz Goan, Sachin, Surat-395 002, Gujarat, India		
<b>Status (Active/Dormant &amp; Listed/Unlisted)</b>	Active & Unlisted		
<b>Board Of Directors</b>	<b>Name</b>	<b>Designation</b>	
	Mr. Ashish Brijbhushan Tulsian	Director	
	Mr. Rajkumar Mangilal Borana	Director	
	Mr. Shyamsunder Harishankar Tulsian	Director	
	Mr. Anand J. Tulsian	Director	
	Mr. Mangilal A. Borana	Director	
<b>Shareholding Pattern</b>	<b>Name</b>	<b>Shares</b>	<b>%</b>
	Mr. Atul Tulsian	100	0.00
	Mr. Mangilal Borana	204700	7.06
	Mr. Nareshkumar Borana	180100	6.21
	Jagatvijay Ramchandra Tulsian (HUF)	77500	2.67
	Jagatvijay Kamalvijay(HUF)	35000	1.21
	Shyamsunder H. Tulsian (HUF)	60000	2.07
	Shrikishan Brijbhusan (HUF)	70000	2.41
Shrikishan Shyamsunder (HUF)	60000	2.07	

	Mr. Ashish Tulsian	35000	1.21
	Madhoprasad Brothers (HUF)	70000	2.41
	Bharatbhushan Tulsian (HUF)	57500	1.98
	Mangilal Borana (HUF)	97500	3.36
	Mrs. Mohini Devi Borana	105000	3.62
	Mr. Ankur Borana	172500	5.95
	Mr. Rajkumar Borana	101250	3.49
	Nareshkumar Ambalal Borana (HUF)	110000	3.79
	Mrs. Lalita Devi Borana	95000	3.28
	Ms. Roomy Borana	52500	1.81
	Ms. Ruchi Borana	10000	0.34
	Mr. Shrikishan Tulsian	50000	1.72
	Mrs. Sharmila Borana	101250	3.49
	Rajkumar Mangilal Borana (HUF)	95100	3.28
	Mrs. Sweta Tulsian	100	0.00
	J.R. Texturisers Private Limited	559900	19.31
	Navbharat Silk Mills Private Limited	374900	12.93
	Borana Filaments Private Limited	125100	4.31
	<b>Total</b>	<b>2900000</b>	<b>100</b>

**Financial Information**

Particulars	(Rs in Lacs)		
	FY 2013	FY 2012	FY 2011
Equity Share Capital	290	290	290
Preference Share Capital	0	0	0
Reserves & Surplus	-103.80	-125.00	-122.73
Less: Miscellaneous Expenditure if any	0	0	0
Networth	186.20	165	167.27
Total Income	3771.67	3557.60	3048.62
Net Profit After Tax	21.20	-2.27	26.50
EPS (Rs) (FV Rs. 10 Each)	0.73	-0.08	0.91
NAV (Rs) (FV Rs. 10 Each)	6.42	5.69	5.77

**Other Disclosures**

The Company is not a defunct Company.

The Equity Shares of the company are not listed on any of the Stock Exchanges and no action has been taken against the Company by any of the stock Exchange.

The Company has not made any public issue or rights issue in the preceding three years to the date of filing of this Draft Prospectus.

The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. The company is not under the Board for Industrial and Financial Reconstruction.

The Company does not have any negative networth in the past three financial years.

The company not identified as a willful defaulter by the Reserve Bank of India.

No proceedings have been initiated for economic offences against the company

**Partnership Firms****New National Fabrics**

M/s. 'New National Fabrics' is a partnership firm between Mr. Rajkumar Borana & Mangilal Ambalal Borana (HUF) and was formed on April 01, 1999 with its principal place of business at:-S- 1236, Surat Textile Market, Ring Road, Surat,-395 002 Gujarat.

<b>Date of Formation</b>	April 1,1999
<b>Registration Number</b>	N.A.
<b>PAN No.</b>	AACFN0253A
<b>Registered Address</b>	At.:- S- 1236, Surat Textile Market, Ring Road, Surat,-395 002 Gujarat
<b>Nature of Business</b>	Manufacturing and trading of Art Silk Cloth, Polyester Yarn, Twisting Yarn, Commission Agent etc.

**Partners**

Sr. No	Name of Partner	Profit Sharing Ratio (in %)
1	Mangilal Ambalal Borana HUF	50.00
2	Mr. Rajkumar Mangilal Borana	50.00

**Brief Audited Financial Details**

(Rs. in Lacs)

Particulars	For the year ending March 31,		
	2013	2012	2011
Partner's Capital Account	10.56	10.28	10.54
Direct Income (Job Work )	20.58	18.80	14.32
Other Income	1.87	2.75	1.48
Total Income	22.46	21.56	15.80
Net Profit/(Loss)	0.29	0.41	0.51

**Proprietorship Firms**

**Raju Enterprises:** Raju Enterprises' is a proprietorship firm of one of our promoter, Mr. Rajkumar Borana and is engaged as art silk cloth merchant.

**Financial Performance:**

(Rs. in Lacs)

Particulars	For the year ending March 31,		
	2013	2012	2011
Proprietor's Capital	34.54	25.97	22.94
Total Income	72.95	83.45	68.75
Net Profit / (Loss)	4.62	6.06	4.96

**Ankur Enterprises:**

Ankur Enterprises' is a proprietorship firm of one of our promoter, Mr. Ankur Borana and is engaged as art silk cloth merchant.

**Financial Performance:**

(Rs. in Lacs)

Particulars	For the year ending March 31,		
	2013	2012	2011
Proprietor's Capital	30.02	26.04	21.09
Total Income	72.87	80.14	68.96
Net Profit / (Loss)	4.77	6.15	4.99

**TRUST****Hanjabai Family Trust**

Brief Details of the Trust:

<b>Type of Trust</b>	Family Trust
<b>Trustees</b>	1. Mr. Mangilal Borana 2. Mr. Rajkumar Borana 3. Mr. Ankur Borana
<b>Beneficiaries</b>	1. Ms. Kanishka R. Borana 2. Master Vivan R. Borana 3. Master Jinay A. Borana 4. Master Jiyen A. Borana
<b>PAN</b>	AAATH9039A
<b>Date of Formation</b>	Oct 26,2010

**Financial Performance:**

(Rs. in Lacs)

Particulars	For the year ending March 31,		
	2013	2012	2011
Trust Fund	32.59	28.86	26.07
Total Income	3.44	3.11	0.96
Surplus / (Deficit)	3.43	3.10	0.95

**HINDU UNDIVIDED FAMILIES (HUF'S)****Rajkumar Mangilal Borana HUF**

Rajkumar Mangilal Borana HUF is a Hindu un-divided family and was formed on July 03, 2001. Mr. Rajkumar Borana is the Karta of the HUF.

**Details of HUF**

Name of HUF and PAN	Name of Karta	Member of HUF
<ul style="list-style-type: none"> <li>Rajkumar Mangilal Borana</li> <li>PAN: AAFHR5957L</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Rajkumar Borana</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Rajkumar Borana</li> <li>Mrs. Sharmila Borana</li> <li>Ms. Kanishka Borana</li> <li>Master Vivan Borana</li> </ul>

**Financial Performance**

(Rs. in Lacs)

Sr. No.	Particulars	As At March		
		2013	2012	2011
1.	Capital	35.10	28.41	23.14
2.	Income	63.59	72.19	68.24

(Rajkumar Mangilal Borana HUF is the Proprietor of Kanishka Fashion)

**Amitkumar Anand Dalmia HUF**

Amitkumar Anand Dalmia HUF is a Hindu un-divided family and was formed on April 2, 2002. Mr. Amitkumar Dalmia is the Karta of the HUF.

**Details of HUF**

Name of HUF and PAN	Name of Karta	Member of HUF
<ul style="list-style-type: none"> <li>Amitkumar Anand Dalmia</li> <li>PAN: AAGHA3417H</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Amitkumar A. Dalmia</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Amitkumar A. Dalmia</li> <li>Mrs. Deepa A. Dalmia</li> <li>Master. Nirmal A. Dalmia</li> <li>Ms. Nishka A. Dalmia</li> </ul>

**Financial Performance**

(Rs. in Lacs)

Sr. No.	Particulars	As At March		
		2013	2012	2011
1.	Capital	22.42	19.45	15.36
2.	Income	3.06	6.20	Nil

### Deepak A Dalmia HUF

Deepak A Dalmia HUF is a Hindu un-divided family and was formed on October 20, 2007. Mr. Deepak A Dalmia is the Karta of the HUF.

#### Details of HUF

Name of HUF and PAN	Name of Karta	Member of HUF
<ul style="list-style-type: none"> <li>Deepak A. Dalmia</li> <li>PAN:AAFHD8683K</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Deepak A. Dalmia</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Deepak A. Dalmia</li> <li>Mrs. Sunaina D. Dalmia</li> <li>Master. Aarush D. Dalmia,</li> <li>Ms. Aashvi D. Dalmia</li> </ul>

#### Financial Performance

(Rs. in Lacs)

Sr. No.	Particulars	As At March		
		2013	2012	2011
1.	Capital	10.42	6.78	2.46
2.	Income	6.00	5.90	Nil

### Ankur Mangilal Borana HUF

Ankur Mangilal Borana HUF is a Hindu un-divided family and was formed July 16, 2005. Mr. Ankur Borana is the Karta of the HUF.

#### Details of HUF

Name of HUF and PAN	Name of Karta	Member of HUF
<ul style="list-style-type: none"> <li>Ankur Mangilal Borana</li> <li>PAN:AAHHA3132Q</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Ankur Borana</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Ankur Borana</li> <li>Mrs. Dhawani Borana</li> <li>Master Jinay Borana</li> <li>Master Jiyan Borana</li> </ul>

#### Financial Performance

(Rs. in Lacs)

Sr. No.	Particulars	As At March		
		2013	2012	2011
1.	Capital	25.53	16.16	10.65
2.	Income	26.34	26.26	18.86

(Ankur Mangilal Borana HUF is the Proprietor of Jinay Enterprises)

#### Litigations

For details on litigations and disputes pending against the Group Company, if any, please refer to the section titled "**Outstanding Litigations and Material Developments**" on page 161 of this Draft Prospectus.

#### Companies / Ventures with which the Promoters have disassociated themselves in the last three years

None of our Promoters have disassociated themselves from any companies, firms or other entities during the last three years preceding the date of This Draft Prospectus.

#### Undertaking / Confirmations

Our Promoters and Group Company /entities confirm that they have not been declared as a willful defaulter by the RBI or any other governmental authority and there have been no violations of securities laws committed by them or any entities they are connected with in the past and no proceedings pertaining to such penalties are pending against them.

None of the Promoters or Promoter Group or Group Companies or persons in control of the Promoters has been

(i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or

(ii) Refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

None of the Promoters is or has ever been a promoter, director or person in control of any other Company which is debarred from accessing the capital markets under any order or direction passed by the SEBI.

#### **Common Pursuits/Conflict of Interest**

Our Promoters have promoted Companies viz Rawatkhedha Processors Private Limited., Rawatkhedha Silk Mill Private Limited, Bhagwati Syntex Private Limited Borana Filaments Private Limited., which are engaged in the line of business similar to our Company. As on the date of this Draft Prospectus, we cannot assure that our Promoters will not favor the interests of the said Company over our interest or that the said Company will not expand their businesses which may increase our chances of facing competition. This may adversely affect our business operations and financial condition of our Company. For details of our Promoter Group and Group Company refer to Section titled "***Our Promoter Group and Group Companies / Entities***" on page 105 of the Draft Prospectus.

However, we shall adopt the necessary procedures and practices as permitted by law to address any conflicting situations, as and when they may arise.

For details relating to sales or purchases between our Company and any of our Group entities exceeding 10% of the sales or purchases of our Company see the chapter titled "***Financial Statements - Related Party Disclosures***" on page 144 of the Draft Prospectus.

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**DIVIDEND POLICY**

As per the Articles of Association of our Company, dividends other than interim dividends will be declared at the Annual General Meeting of shareholders based on the recommendations of 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 may, at its discretion, recommend dividends to be paid to the Company's shareholders.

Generally, the factors that may be considered by the Board of Directors before making any recommendations for Dividends include, but not limited to are, Company's future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions.

We have not declared any dividend since our incorporation.



**SECTION V: FINANCIAL INFORMATION OF THE COMPANY**

**INDEPENDENT AUDITOR'S REPORT ON STANDALONE RESTATED FINANCIAL STATEMENTS  
(As required by Part II of Schedule II to the Companies Act, 1956)**

To,  
**The Board of Directors,**  
**R & B Denims Limited**  
 Block 467,  
 Sachin Palsana Road,  
 Palsana, Surat.  
 Gujarat – India

Dear Sirs,

**Report on Restated Financial Statements**

We have examined the standalone restated financial statements of R & B Denims Limited (hereinafter referred as “the Company”), the summarized statements of which annexed to this report have 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.
- iii) The instructions received from the Company, requesting to examine the financial information referred to above and proposed to be included in the Draft Offer Document / Offer Document of the Company in connection with its proposed initial public offer of equity shares and
- iv) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (‘ICAI’)

Audit of the financial statements for the 6 months period ended September 30, 2013 has been conducted by us, Pradeep Singhi & Associates, Chartered Accountant, being Company’s Statutory Auditor. Audit of the years ended March 31, 2013, 2012 and 2011 have been conducted by Company’s Statutory Auditor SBMG & Co., Chartered Accountants. Further, Financial Statements for year ended March 31, 2013 has been re-audited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended March 31, 2013, 2012 and 2011 is based on the Audited Financial Statements of the Company which were audited by the Statutory Auditor, SBMG & Co., Chartered Accountants and whose Auditor’s Reports have been relied upon by us for the said periods.

**Financial Information of the Company:**

- 1 We have examined the attached Standalone Restated Statement of Assets and Liabilities of the Company as at September 30, 2013, March 31, 2013, 2012, 2011 (Annexure-I); the accompanying Standalone Restated Statement of Profit and Losses of the Company for the period from 1st April 2013 to 30th September 2013, March 31, 2013, 2012, 2011 (Annexure-II); the accompanying Standalone Restated Statement of Cash Flows of the Company for the period from 1st April 2013 to 30th September 2013, March 31, 2013, 2012, 2011 (Annexure-III) and the significant accounting policies and notes to restated summary statement (Annexure IV) together referred to as ‘Standalone Summary Statements’ as prepared by the Company and approved by the Board of Directors.
- 2 Based on the examination of these Standalone Summary Statements, we confirm that the restated profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate.
- 3 We have examined the following regrouped/ rearranged financial information relating to the Company, proposed to be included in the Draft Offer Document / Offer Document, as approved by the Board of Directors of the Company and attached to this report:
  - i) **Standalone Statement of Share capital, Reserves and surplus (Annexure A)**
  - ii) **Standalone Statement of Long Term and Short Term Borrowings (Annexure B);**
  - iii) **Standalone Statement of Principal Terms of Secured And Assets Charges as Security (Annexure B1);**
  - iv) **Standalone Statement of Terms & Conditions of Unsecured Loans (Annexure B2)**
  - v) **Standalone Statement of Deferred tax asset/liabilities (Annexure C)**

- vi) **Standalone Statement of Trade Payables and Other Current Liabilities (Annexure D);**
- vii) **Standalone Statement of Long-Term Provisions (Annexure E);**
- viii) **Standalone Statement of Short-Term Provisions (Annexure F);**
- ix) **Standalone Statement of Fixed Assets (Annexure G);**
- x) **Standalone Statement of Long-Term Loans And Advances (Annexure H)**
- xi) **Standalone Statement of Inventory (Annexure I)**
- xii) **Standalone Statement of Trade Receivables (Annexure J)**
- xiii) **Standalone Statement of Cash and Bank Balances (Annexure K)**
- xiv) **Standalone Statement of Short-Term Loans And Advances (Annexure L);**
- xv) **Standalone Statement of Other Current Assets (Annexure M);**
- xvi) **Standalone Statement of Revenue from Operations (Annexure N);**
- xvii) **Standalone Statement of Other Income (Annexure O);**
- xviii) **Standalone Statement of Cost of Material Consumed (Annexure P);**
- xix) **Standalone Statement of Changes in inventories of finished goods, WIP and Stock-in-Trade (Annexure Q);**
- xx) **Standalone Statement of Employee Benefit Expenses (Annexure R);**
- xxi) **Standalone Statement of Financial Expenses (Annexure S);**
- xxii) **Standalone Statement of Other Expenses (Annexure T);**
- xxiii) **Standalone Statement of Related Party Transaction (Annexure U);**
- xxiv) **Standalone Statement of Capitalization as at 30th September 2013 (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 V)**
- xxv) **Standalone Summary of Mandatory accounting ratios based on adjusted profits/losses, relating to earnings per share, net assets value per share and return on net worth (Annexure W)**
- xxvi) **Standalone Statement of Tax Shelter (Annexure X)**
- Standalone Statement of Contingent Liability (Annexure Y)**

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these restated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the restated financial statements read together with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable;

- (a) In the case of the Statement of Assets and Liabilities of the Company as at 31st March, 2011, 31st March, 2012, 31st March, 2013 and 30th September, 2013;
  - (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the years/period ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the years/period ended on that date.
- 4 This report is intended solely for your information and for the 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 my prior written consent.

**For Pradeep Singhi & Associates**  
**Chartered Accountants**  
**[ICAI FRN : 108029W]**

**Sd/-**

**Pradeep Kumar Singhi**  
**Proprietor**  
Membership No. 024612  
Place: Surat  
Date: February 28, 2014

## ANNEXURE-I

## STANDALONE STATEMENT OF ASSETS AND LIABILITIES (AS RESTATED)

(Rs. In Lacs)

	Particulars	As at			
		30-Sep-13	31-Mar-13	31-Mar-12	31-Mar-11
<b>1</b>	<b>Equity Liabilities</b>				
	<b>Share Holder's Fund</b>				
	(a) Share Capital	829.52	629.52	173.66	7.20
	(b) Reserve & Surplus	1,647.42	1,234.91	1,114.94	(3.85 )
	(c) Share Application Money Pending Allotment	0.00	50.00	0.00	491.90
<b>2</b>	<b>Non Current Liabilities</b>				
	(a) Long Term borrowings	2,828.03	236.16	1,671.01	0.00
	(b) Deferred Tax Liabilities	12.35	5.13	0.00	0.00
	(c) Long Term Provisions	0.57	0.24	0.00	0.00
<b>3</b>	<b>Current Liabilities</b>				
	(a) Short Term borrowings	0.00	252.34	0.00	0.00
	(b) Trade Payables	436.40	181.47	4.09	0.31
	(c) Other Current Liabilities	977.78	1,719.31	173.25	0.00
	(d) Short Term Provisions	117.37	60.70	1.81	0.00
	<b>Total</b>	<b>6,849.43</b>	<b>4,369.79</b>	<b>3,138.76</b>	<b>495.56</b>
	<b>Assets</b>				
<b>4</b>	<b>Non Current Assets</b>				
	(a) Fixed Assets	4,951.38	2,543.57	2,739.38	5.72
	(b) Non Current Investment	0.00	0.00	0.00	0.00
	(C) Deferred Tax Assets	0.00	0.00	0.00	0.00
	(d) Long Term Loans and Advances	15.00	15.00	10.00	0.00
	(e) Other Non Current Assets	0.00	0.00	0.00	0.00
<b>5</b>	<b>Current Assets</b>				
	(a) Current Investment	0.00	0.00	0.00	0.00
	(b) Inventories	1,000.62	538.88	0.00	0.00
	(c) Trade Receivable	478.95	497.21	0.00	0.00
	(d) Cash and Bank Balances	233.78	464.12	113.27	220.43
	(e) Short Term Loans and Advances	162.36	309.92	275.85	269.40
	(f) Other Current Assets	7.32	1.10	0.26	0.00
	<b>Total</b>	<b>6,849.43</b>	<b>4,369.79</b>	<b>3,138.75</b>	<b>495.56</b>

**Note:** The above statement should be read with the significant accounting policies and notes to restated summary statement of profit and loss account and cash flows statement as appearing in Annexure IV, II and III.

## ANNEXURE-II

## STANDALONE STATEMENT OF PROFIT AND LOSS ACCOUNT (AS RESTATED)

(Rs. In Lacs)

Particulars		For 6 months period ended 30-Sep-13	For the Year ended		
			31-Mar-13	31-Mar-12	31-Mar-11
<b>Continuing Operation :</b>					
Revenue from operations:		4,263.68	5,933.63	0.00	0.00
Other income		38.28	125.48	0.00	0.00
<b>Total Revenue</b>	<b>A</b>	<b>4,301.96</b>	<b>6,059.11</b>	<b>0.00</b>	<b>0.00</b>
<b>Expenses:</b>					
Cost of Material Consumed		3,853.41	4,659.60	0.00	0.00
Changes in inventories of finished goods, WIP and Stock-in-Trade		(435.47)	(165.88)	0.00	0.00
Employee benefits expense		173.03	229.26	0.00	0.00
Finance costs		117.39	312.66	0.00	0.00
Depreciation		164.81	382.80	0.00	0.00
Other expenses		405.43	634.60	3.45	3.85
<b>Total Expenses</b>	<b>B</b>	<b>4,278.59</b>	<b>6,053.05</b>	<b>3.45</b>	<b>3.85</b>
<b>Profit before exceptional and extraordinary items and tax (A-B)</b>	<b>C</b>	<b>23.37</b>	<b>6.06</b>	<b>(3.45)</b>	<b>(3.85)</b>
Exceptional item		0.00	0.00	0.00	0.00
<b>Profit before extraordinary items and tax</b>	<b>D</b>	<b>23.37</b>	<b>6.06</b>	<b>(3.45)</b>	<b>(3.85)</b>
Extraordinary item		0.00	0.00	0.00	0.00
<b>Profit Before Tax</b>	<b>E</b>	<b>23.37</b>	<b>6.06</b>	<b>(3.45)</b>	<b>(3.85)</b>
<b>Provision for Tax</b>					
- Current Tax		4.45	3.39	0.00	0.00
- Deferred Tax Liability / (Asset)		7.22	5.13	0.00	0.00
- provision for MAT Credit		(0.81)	(3.29)	0.00	0.00
<b>Restated profit after tax from continuing operations</b>	<b>F</b>	<b>12.50</b>	<b>0.83</b>	<b>(3.45)</b>	<b>(3.85)</b>
<b>Discontinuing operation</b>		0.00	0.00	0.00	0.00
<b>Restated profit for the year</b>		<b>12.50</b>	<b>0.83</b>	<b>(3.45)</b>	<b>(3.85)</b>
Balance brought forward from previous year		(6.47)	(7.30)	(3.85)	0.00
Accumulated Profit/ (Loss) carried to Balance Sheet		6.03	(6.47)	(7.30)	(3.85)

**Note:** The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities, and cash flows statement as appearing in Annexure IV, I and III.

## ANNEXURE-III

## STANDALONE STATEMENT OF CASH FLOW (AS RESTATED)

(Rs. In Lacs)

Particulars	For 6 months period ended 30-Sep-2013	For the Year ended		
		31-Mar-13	31-Mar-12	31-Mar-11
<b>1. Cash Flow From Operating Activities:</b>				
Net Profit before tax and extraordinary item	23.37	6.06	(3.45)	(3.85)
<i>Adjustments for:</i>				
Depreciation	164.81	382.80	0.00	0.00
Interest Paid	114.96	303.46	0.00	0.00
Profit/(Loss) on sale of Fixed Assets	0.01	0.00	0.00	0.00
Interest Received/ Other Non Operative Receipts	(9.02)	(10.14)	0.00	0.00
<b>Operating Profit before Working Capital Changes</b>	<b>294.13</b>	<b>682.17</b>	<b>(3.45)</b>	<b>(3.85)</b>
<i>Adjustments for:</i>				
Inventories	(461.74)	(538.88)	0.00	0.00
Trade Receivables	18.26	(497.21)	0.00	0.00
Short Term Provisions	55.60	55.51	1.81	0.00
Trade Payables	254.93	177.37	3.79	0.31
Other Current Liabilities	(741.54)	1,546.07	173.25	0.00
<b>Cash Generated from Operation</b>	<b>(580.35)</b>	<b>1,425.03</b>	<b>175.39</b>	<b>(3.54)</b>
Taxes Paid	(3.39)	0.00	0.00	0.00
<b>Net Cash from Operating Activities</b>	<b>(583.74)</b>	<b>1,425.03</b>	<b>175.39</b>	<b>(3.54)</b>
<b>2. Cash Flow From Investing Activities:</b>				
Fixed Assets Purchased	0.00	(93.68)	(2,733.66)	(5.72)
Increase Capital Work In Progress	(2,572.73)	(93.31)	0.00	0.00
Sale of Fixed Assets	0.12	0.00	0.00	0.00
Interest Received	9.02	10.14	0.00	0.00
Short Term Loans & Advances given	148.35	(30.78)	(6.45)	(269.40)
Long Term Loans and Advance	0.00	(5.00)	(10.00)	0.00
Increase in Long Term Provisions	0.32	0.24	0.00	0.00
Interest on Fixed Deposit	(6.22)	(0.84)	(0.26)	0.00
<b>Net Cash from Investing Activities</b>	<b>(2,421.13)</b>	<b>(213.22)</b>	<b>(2,750.36)</b>	<b>(275.12)</b>
<b>3. Cash Flow From Financing Activities:</b>				
Payments of short term borrowings	(252.34)	252.34	0.00	0.00
Proceeds from Long term borrowings	2,591.87	(1,434.85)	1,671.01	0.00
Interest Paid	(114.96)	(303.46)	0.00	0.00
Proceeds from issue of shares	200.00	455.87	166.46	7.20
Security premium received	400.00	119.14	1,122.24	0.00
Transfer of Share Application Money	(50.00)	50.00	(491.90)	491.90
<b>Net Cash from Financing Activities</b>	<b>2,774.56</b>	<b>(860.96)</b>	<b>2,467.81</b>	<b>499.10</b>
Net Increase/ (Decrease) in Cash & Cash Equivalents	(230.30)	350.84	(107.16)	220.43
Cash & Cash Equivalents at the beginning of the year	464.12	113.27	220.43	0.00
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>233.78</b>	<b>464.12</b>	<b>113.27</b>	<b>220.43</b>

**Note:**

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements issued by ICAI.
2. Figures in Brackets represents outflow.
3. The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities and statement of profit and loss as appearing in Annexure IV, I and II.

**Significant Accounting Policies and Notes to Restated Summary Statement****Nature of Operations**

R & B Denims is a Limited Company incorporated in November 2010 by the Rawat Khedia and the Borana group, two of the most influential textile houses in the polyester hub, Surat. Both of these companies have a long lineage of more than 30 years each, in the textile industry, and are very well known in their areas of expertise. The commercial production of the Company has been started in financial year 2012-13.

Products of the Company include with Open End/ Ring Spun Yarns, Slub Yarns, Multi Count, Cottons and Polyester Spandex with Indigo Bottom Sulphur Toppings and Sulphur Bottom and Indigo Toppings with both Foam and Wet finishes at our state of art facility located near Surat, Gujarat.

These are the main products manufactured under the umbrella of “R & B Denims”, along with others fancy yarn play in weft patterns in different weave designs. All of these, in various chemical and mechanical finishes.

**NOTE 1****SIGNIFICANT ACCOUNTING POLICIES:****Basis of preparation of financial statements**

These financial statements are prepared under the historical cost basis of accounting and evaluated on a going concern basis, with revenues and expenses accounted for on their accrual to comply in all material aspects with the applicable accounting principles and applicable Accounting Standards notified U/s. 211(3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

**Use of estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported balances of assets as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from these estimates. Appropriate changes in estimates are made as and when the Management becomes aware of the changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, their effects are disclosed in the notes to the financial statements.

**The following significant accounting policies are adopted in the preparation and presentation of these financial statements:**

**Inventories (AS 2)**

Stock of Raw Material and WIP is valued at cost. Finished goods are valued at cost or market value whichever is less. Cost of Raw Material and Finished Goods includes the purchase cost (Net of any taxes on which credits are received or receivable) and other incidental cost, to bring such material to its present location and condition.

**Cash Flows (AS 3)**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

**Depreciation (AS 6)**

Depreciation is provided on Written Down Value Method at the rates and in the manners prescribed in Schedules XIV to the Companies Act, 1956, on the basis of shifts / manners of utilization of the assets. Depreciation on additions/ disposals during the year has been provided on pro-rata basis with reference to the no. of days utilized.

Type of Asset	Rate Applied
Factory Building	10.00%
Plant & Machinery	13.91%
Electrification	13.91%
Computers	40.00%
Bore well	5.00%
Water Tank	5.00%

### **Revenue Recognition (AS 9)**

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. Revenue from sale of goods is recognised on delivery of the products, when all significant contractual obligations have been satisfied, the property in goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales are net off taxes and accounted on mercantile basis. Revenue from Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Revenue from Job Work is recognised on the basis of completion of services being provided.

### **Fixed Assets (AS 10)**

(i) Fixed assets shown under gross block are valued at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition and also include cost of installation wherever incurred. All pre-operative costs, including specific financing cost till commencement of commercial production, net charges on foreign exchange contracts and adjustment arising from foreign exchange rate variations attributable to the fixed assets are capitalised.

(ii) Depreciation on fixed assets has been charged on written down value basis, pro-rata for the period of use, by adopting the revised rates of depreciation specified in Schedule XIV of the Companies Act, 1956.

### **Foreign Currency Transactions (AS 11)**

(i) The reporting currency of the company is Indian rupees.

(ii) Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realize gain and losses on settlement of foreign currency transactions are recognized in the profit and loss account under the natural revenue heads of accounts. Exchange differences relating to fixed assets are capitalised to respective Fixed Asset.

(iii) Foreign Currency assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognized in the profit and loss account.

(iv) In case of forward contract, foreign currency derivatives or other financial instruments that are in substance forward exchange contracts, the premium or discount arising at the inception of the contract transactions are included in determining the net profit for the year.

### **Investments (AS 13)**

Long term Investments are valued at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of investments. Current investments are stated at lower of cost or market value.

### **Employee benefits (AS 15)**

#### **Defined-contribution plans:**

(i) Provident fund and pension scheme are Defined Contribution Plans in the Company. The Company is a member of recognized Provident Fund scheme established under The Provident Fund & Miscellaneous Act, 1952 by the Government of India. The Company is contributing 12% of Salary & Wages of eligible employees under the scheme every month. The contribution paid or payable under the scheme is recognized during the period under which the employee renders the related services.



### **Defined-Benefit plans:**

(ii) Employee Gratuity Fund Scheme is the Defined Benefit Plan. Provision for gratuity has been made in the accounts, in case of those employees who are eligible for the retirement benefits. Gratuity is paid at the time of retirement of employees. Provision for gratuity liability is provided based on Actuarial Valuation made.

(iii) Short Term Employee Benefits like leave benefit, if any, are paid along with salary and wages on a month to month basis, bonus to employees are charged to profit and loss account on the basis of actual payment on year to year basis.

### **Borrowing costs (AS 16)**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

### **Earnings per share (AS 20)**

Basic and Diluted earnings/(loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors. The weighted average number of equity shares outstanding are also adjusted for the year end balance of share application money pending allotment, as considered potential equity shares, for calculation of Diluted Earning Per Share.

### **Taxes on income (AS 22)**

**Current tax** -Provision for current tax/minimum alternate tax (MAT) is made based on tax liability computed after considering tax allowances and exemptions.

**Deferred tax** -Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available against which such deferred tax asset can be realised.

### **Impairment of assets (AS 28)**

An impairment loss is charged to the Statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount

### **Provisions and contingent liabilities (AS 29)**

A provision is recognised when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Contingent Liability of the Company (to the extent not provided for) as on 30th Sep 2013 is as tabulated below.

(Rs. In Lacs)

Particulars	Amount	Date of Expiry of Guarantee
<b>Guarantees in respect of Deposit</b>		
Dakshin Gujarat Vij Company Limited, Surat	35.34	22-12-13
Dakshin Gujarat Vij Company Limited, Surat	45.49	21-03-15
<b>Performance Guarantee</b>		
Director of Foreign Trade, New Delhi	7.03	17-11-14
Director of Foreign Trade, New Delhi	0.63	22-02-15
Commissioner of Customs, Nhava Seva, Mumbai	133.50	12-07-21
Director of Foreign Trade, New Delhi	12.72	21-04-16

Director of Foreign Trade, New Delhi	2.80	25-02-16
Commissioner of Customs, Nhava Seva, Mumbai	3.00	13-12-21
Director of Foreign Trade, New Delhi	19.00	10-06-23
Director of Foreign Trade, New Delhi	1.07	12-06-16
Director of Foreign Trade, New Delhi	8.30	21-06-23
Director of Foreign Trade, New Delhi	0.20	30-06-16

**NOTE 2****NOTES TO RESTATED SUMMARY STATEMENT:**

The financial statements for the years ended March 31, 2011 were prepared as per the then-applicable pre-revised Schedule VI of the Companies Act 1956. Consequent to the notification of the revised schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 and March 31, 2013 and for the period from 1st April 2013 to 30th September 2013 are prepared as per the revised schedule VI. Accordingly, the figures of the previous years have also been re-classified to conform to classification as per the revised schedule VI. The adoption of revised schedule VI for the figures of the previous years does not impact recognition and measurement principles followed for the preparation of these financial statements.

**1. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:**

In the absence of information regarding outstanding dues of MICRO or Small Scale Industrial Enterprise(s) as per The Micro, Small & Medium Enterprise Development Act, the Company has not disclosed the same as required by Schedule VI to the Companies Act, 1956.

2. "Related Party Transactions are already reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the "Annexure U" of the enclosed financial statements."

**3. Deferred Tax liability/Asset in view of AS 22: "Accounting for Taxes on Income" as at the end of the year is as under:***(Rs. In Lacs)*

Particulars	For 6 months period ended 30-Sep-2013	2012-13	2011-12	2010-11
Timing Differences on account of:				
<b>Deferred Tax Asset/(Liability):</b>				
Opening Balance	(5.13)	0.00	0.00	0.00
Add: Depreciation on Assets	8.58	(151.25)	0.00	0.00
Carry Forward Losses	(16.09)	145.76	0.00	0.00
Disallowance u/s. 43B	0.29	0.36	0.00	0.00
Net Deferred Tax Asset/ (Liability) for the period	(7.22)	(5.13)	0.00	0.00
<b>Net Deferred Tax Asset/(Liability) as on period / year ends</b>	<b>(12.35)</b>	<b>(5.13)</b>	<b>0.00</b>	<b>0.00</b>

**4. Auditors' Remuneration:***(Rs. In Lacs)*

Particulars	For 6 months period ended 30-Sep-2013	2012-13	2011-12	2010-11
a. Statutory and Tax Audit Fees	0.00	1.12	0.28	0.05
b. In Other Capacity	0.00	0.17	0.11	0.01
<b>Total</b>	<b>0.00</b>	<b>1.29</b>	<b>0.39</b>	<b>0.06</b>

**5. Earnings Per Share (AS 20) :***(Rs. In Lacs)*

Earnings per Share have been calculated as under:

Particulars	For 6 months period ended 30-Sep-2013	2012-13	2011-12	2010-11
A. Number of Shares at the beginning of the year	62.95	17.37	0.72	0.00
Shares issued during the year:				
- Allotment	20.00	45.59	16.65	0.72
B. Total Number of equity shares outstanding at the end of the year	82.95	62.95	17.37	0.72
C. Weighted average numbers of equity shares for calculating Basic EPS.	74.97	43.84	0.00	0.00

D. Weighted average numbers of equity shares for calculating diluted EPS.	74.97	44.25	0.00	0.00
E. Net profit after tax available for equity shareholders as restated	12.50	0.83	0.00	0.00
F. Basic earnings per share (Rs.)	0.17	0.02	0.00	0.00
G. Diluted earnings per share (Rs.)	0.17	0.02	0.00	0.00

**Note1.** The weighted average number of equity shares outstanding at the year ended on 31st march 2013, are also adjusted for the year end balance of share application money pending allotment, as considered potential equity shares, for calculation of Diluted Earning Per Share as per the AS 20.

**Note2.** The Basic and diluted EPS for the period ended September 30, 2013 after considering Bonus issue of 1989452 shares made on October 9, 2013 is Rs 0.13 per share.

6. Figures have been rearranged and regrouped wherever practicable and considered necessary.

### 7. Employee benefits (AS 15) :

#### (a) Defined Benefit Plan (Gratuity)

The Company has adopted the Accounting Standard 15 (revised 2005) on Employee Benefits as per an actuarial valuation carried out by an independent actuary. The disclosures as envisaged under the standard are as under:

Particulars	For 6 months period ended 30-Sep-2013	2012-13	Rs. in Lacs	
			2011-12	2010-11
<b>1. The amounts recognised in the Balance Sheet are as follows:</b>				
Present value of unfunded obligations recognised	0.57	0.24	0.00	0.00
Un-Funded Status	0.57	0.24	0.00	0.00
Net Liability	0.57	0.24	0.00	0.00
<b>2. The amounts recognised in the Profit &amp; Loss A/c are as follows:</b>				
Current Service Cost	0.33	0.24	0.00	0.00
Interest on Defined Benefit Obligation	0.01	0.00	0.00	0.00
Net Actuarial Losses / (Gains) Recognized in Year	(0.02)	0.00	0.00	0.00
	0.32	0.24	0.00	0.00
<b>3. Changes in the present value of defined benefit obligation:</b>				
Defined benefit obligation as at the beginning of the year/period	0.24	0.00	0.00	0.00
Service cost	0.33	0.24	0.00	0.00
Interest cost	0.01	0.00	0.00	0.00
Actuarial Losses/(Gains)	(0.02)	0.00	0.00	0.00
Defined benefit obligation as at the end of the year/period	0.57	0.24	0.00	0.00
Benefit Type :				
Retirement Age:	60Years	60Years	0.00	0.00
Vesting Period:	5Years	5Years	0.00	0.00
<b>The principal actuarial assumptions for the above are:</b>				
Discount rate per annum	9.27%	8.15%	0.00	0.00
Expected salary escalation rate per annum	6.00%	6.00%	0.00	0.00
Attrition Rate per Annum	2.00%	2.00%	0.00	0.00

The Company has paid following to the recognised provident Fund and ESIC Fund.

#### (b) Defined Contribution Plans

The Company is registered with the Regional Provident Fund and ESIC Commissioner for the Employees' Provident Fund Scheme and Employees State Insurance Scheme. Contributions to Provident Fund and ESIC are included under head Salaries, allowances and welfare in the Statement of profit and loss.

Particulars	For 6 months period ended 30-Sep-2013	2012-13	(Rs. In Lacs)	
			2011-12	2010-11
Provident Fund	0.74	0.13	0.00	0.00
ESIC	0.53	0.10	0.00	0.00

## 8. Realisations

In the opinion of the Board and to the best of its knowledge and belief, the value on realisation of current assets and loans and advances are approximately of the same value as stated.

## 9. Contractual liabilities

All other contractual liabilities connected with business operations of the Company have been appropriately provided.

## 10. Amounts in the financial statements

Amounts in the financial statements are rounded off to nearest rupees. Figures in brackets indicate negative values.

## 11. Previous year's figures

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures of all the previous years dealt in this statement have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure to the extent possible.

## 12. Segment Reporting (AS 17)

The Company is predominantly in the business of textiles and as such there are no separate reportable segments.

## 13. Accounting for Leases (AS 19)

The Company has not entered into any finance and operating lease.

## 14. Material Adjustments :

Appropriate adjustments have been made in the standalone restated financial statements, whenever required, by reclassification of the corresponding items of assets, liabilities and cash flow statement, in order to ensure consistency and compliance with requirement of revised Schedule VI and Accounting Standards.

## 15. Statement of Adjustments in the financial statements:

Particulars	(Rs. In Lacs)			
	For 6 months period ended 30-Sep-13	2012-13	2011-12	2010-11
Net Profits after tax and extraordinary items as per audited accounts but before Adjustments: (A)	(4.73)	14.38	0.00	0.00
<b>Adjustment on Account of :</b>				
Add: Provision for Income Tax	(3.62)	0.00	0.00	0.00
Add: Provision for MAT Credit	(3.29)	3.29	0.00	0.00
Add/(less): Provision for deferred tax liability	5.13	(5.13)	0.00	0.00
Less: Provision of Expenses not provided earlier				
Gratuity	0.24	(0.24)	0.00	0.00
Service Tax	0.93	(0.93)	0.00	0.00
Preliminary & Pre-Operative Exp	17.84	(10.54)	(3.45)	(3.85)
<b>Total (B)</b>	17.23	(13.55)	(3.45)	(3.85)
<b>Net Profit as Restated (A+B)</b>	<b>12.50</b>	<b>0.83</b>	<b>(3.45)</b>	<b>(3.85)</b>

### a. Provision for Income tax for earlier years

No provision for Deferred Tax Liability and MAT Credit had been made in books of account, has been provided in this Restated Statements.

### b. Provision for change in accounting policy

No accounting Policies have been changed during the period from 1st April 2013 to 30th September 2013.

### c. Short provision of Gratuity

No Provision for gratuity liability, based on Actuarial Valuation, for earlier years had been provided in books of account, has been

provided in this Restated Statements.

**d. Short provision of Service Tax Expense.**

No Provision for service tax expense, for earlier years had been provided in books of account, has been provided in this Restated Statements.

**e. Preliminary and Pre-Operative Expenses.**

1. In F.Y. 2010-11, the Company had incurred certain preliminary expenditure which was getting amortised over a period of five years from the first year of commercial production of the Company and same has been disclosed as preliminary expenditure in Statement of Assets and Liabilities. As per to the Accounting Standard 26 'Intangible Assets' all preliminary expenditure need to be charged to the Statement of Profit and Loss in the year in which they are incurred, As Restated has now been charged off in the year of incurrence.
  2. In F.Y. 2011-12, the Company had incurred certain pre-operative expenditure relating to ROC & other which was getting amortised over a period of five years from the first year of commercial production of the Company and same has been disclosed as preliminary and pre-operative expenditure in Statement of Assets and Liabilities. As per to the Accounting Standard 26 'Intangible Assets' ,Expenses which is not covered under AS 10- Accounting for Fixed Assets is treated as revenue nature and charged to the Statement of Profit and Loss in the year in which they are incurred, As Restated has now been charged off in the year of incurrence.
  3. In F.Y. 2012-13, the Company had incurred of Rs. 15 Lacs for ROC matter which was included in Preliminary & pre-operative Expenditure and getting amortised over a period of five years but it is regular business expenses of the Company. As Restated has now been charged to the Statement of Profit and loss.
- f. All the above changes mentioned at (a) to (e) points are done in this Restated Financial Statements only. However, no change has been in made in books of accounts in F.Y. 2010-11, F.Y. 2011-12 and F.Y. 2012-13. In books of account, all the effects have been given in F.Y. 2013-14. In books of accounts, all the expenses of previous financial years mentioned at point (c), (d) and (e), considered as revenue expenses in F.Y. 2013-14, have been treated as Prior period Items and subject to disallowance in Income tax.

## ANNEXURE – A

## STANDALONE STATEMENT OF SHARE CAPITAL, RESERVES AND SURPLUS

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
<b>Share Capital</b>				
<b>Authorised Share Capital</b>				
Equity shares of Rs.10 each	255.00	255.00	55.00	25.00
Share Capital	2,550.00	2,550.00	550.00	250.00
<b>Issued, Subscribed and Paid up Share Capital</b>				
Equity Shares of Rs. 10 each fully paid up	82.95	62.95	17.37	0.72
Share Capital (in Rs.)	829.52	629.52	173.66	7.20
<b>Total</b>	<b>829.52</b>	<b>629.52</b>	<b>173.66</b>	<b>7.20</b>
<b>Reserves and Surplus</b>				
Profit and Loss account	6.03	(6.47)	(7.30)	(3.85)
Share Premium Account	1,641.38	1,241.38	1,122.24	0.00
<b>Total</b>	<b>1,647.42</b>	<b>1,234.91</b>	<b>1,114.94</b>	<b>(3.85)</b>

## ANNEXURE – B

## STANDALONE STATEMENT OF LONG TERM AND SHORT TERM BORROWINGS

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
<b>Long Term Borrowings</b>				
<b>Term Loans</b>				
Term Loan From Bank of India	3,250.86	1,671.01	1,780.93	0.00
Less : Current Maturities of Long Term Debt	642.83	1,579.85	109.92	0.00
	2608.03	91.16	1671.01	0.00
<b>Loans and advances from related parties (Unsecured)</b>				
From Directors and Shareholders	120.00	95.00	0.00	0.00
From Relatives :				
Sharmila Enterprise	75.00	25.00	0.00	0.00
Vijay Corporation	25.00	25.00	0.00	0.00
<b>TOTAL</b>	<b>2,828.03</b>	<b>236.16</b>	<b>1,671.01</b>	<b>0.00</b>
<b>Current portion of long-term borrowings, included under Other current liabilities</b>	642.83	1,579.85	109.92	0.00
<b>Short Term Borrowings</b>				
From Banks- Cash Credit (Secured)	0.00	252.34	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>252.34</b>	<b>0.00</b>	<b>0.00</b>
<b>The above amount includes:</b>				
Secured Borrowings	3,250.86	1,923.35	1,780.93	0.00
Unsecured Borrowings	220.00	145.00	0.00	0.00
<b>TOTAL</b>	<b>2,828.03</b>	<b>488.50</b>	<b>1,671.01</b>	<b>0.00</b>
<b>Notes:</b>				
1) The terms and conditions and other information in respect of Secured Loans are given in Annexure -B1				
2) The terms and conditions and other information in respect of Unsecured Loans are given in Annexure -B2				

## ANNEXURE - B1

## STANDALONE STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGES AS SECURITY

(Rs. In Lacs)

Name of Lender	Type of Loan Facility	Amount Sanctioned	Amount Outstanding as at September 30, 2013	Amount Outstanding as at March 31, 2013	Amount Outstanding as at March 31, 2012	Amount Outstanding as at March 31, 2011	Rate of Interest (%)	Repayment Schedule	Security
Bank of India	Term Loan A/c. No. 270965410000010	2,000.00	1,528.15	1,671.01	1,780.93	0.00	3.75% above base rate (as per sanction letter dated 13-03-2013, sanction rate was 14% p.a.)	Repayable in 84 monthly installments of Rs. 23.81 Lacs.	<b>Primary Security</b> <b>For TL :</b> Hypothecation of all Plant and Machineries and other assets of the Company <b>For CC :</b> Hypothecation of Stock and Book Debts <b>Other Securities for TL and CC :</b> Margin Money for BG (TDR and LIC policies) and EQM and L&B at Block no. 467, Sachin Palsana Highway, belonging to Shri Amit Dalmia, Shri Dipak Dalmia, Shri Rajkumar Borana & Shri Ankur Borana <b>Collateral Security :</b> * As Per Note 1 <b>Personal Guarantee :</b> * As Per Note 2
Bank of India	Term Loan A/c. No. 270965410000030	2,500.00	1,722.71	0.00	0.00	0.00	3.75% above base rate (as per sanction letter dated 13-03-2013, sanction rate was 14% p.a.)	Repayable in 84 monthly installments of Rs. 29.76 Lacs.	
Bank of India	Cash Credit A/c. No. 270930110000020	1,800.00	0.00	223.51	0.00	0.00	3% above base rate (present rate 13.25% p.a.)	On Demand	
NOTE 1: EQM on Plot B-2 from west side, plot B-2 and Plot D-4, Indraprastha Soc, Opp. 3rd Bunglow, Behind Rajhans Cinema, Near Ratna Sagar Soc., Vesu, Surat in the name of Shri Anand Dalmia.									
NOTE 2 All Fund based and Non fund based, Joint and Several Guarantee by following parties:									
1	Shri Amit Dalmia								
2	Shri Deepak Dalmia								
3	Shri Rajkumar Borana								
4	Shri Ankur Borana								
5	Shri Mangilal Borana								
6	Shri Anand Dalmia								
7	Mayfair Vinimay Private Limited								
8	Rawatkhedha Silk Mill Private Limited								
9	Rawatkhedha Processors Private Limited								

## ANNEXURE - B2

## STANDALONE STATEMENT OF TERMS &amp; CONDITIONS OF UNSECURED LOANS

Details of Unsecured Loans outstanding as at the end of the respective periods from Directors/Promoters/Promoter Group/Associates/Relatives of Directors/Group Companies				
<b>A. Unsecured Loans from Promoters/Directors are interest free and repayable on 3 months notice period.</b>				
(Rs. In Lacs)				
<b>1 Name : Amit Kumar Dalmia</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	35.00	0.00	0.00	0.00
Amount Received/credited	83.00	37.00	0.00	0.00
Amount repaid/adjusted	35.00	2.00	0.00	0.00
Outstanding Amount	83.00	35.00	0.00	0.00
(Rs. In Lacs)				
<b>2 Name : Deepak A. Dalmia</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	37.00	43.00	0.00	0.00
Amount repaid/adjusted	0.00	43.00	0.00	0.00
Outstanding Amount	37.00	0.00	0.00	0.00
<b>B. Unsecured Loans which is outstanding from Relatives of Promoters/Directors are interest free that are taken without any preconditions attached towards repayments.</b>				
(Rs. In Lacs)				
<b>1 Name : Amit kumar Dalmia HUF</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	11.00	0.00	0.00	0.00
Amount Received/credited	0.00	91.00	0.00	0.00
Amount repaid/adjusted	11.00	80.00	0.00	0.00
Outstanding Amount	0.00	11.00	0.00	0.00
(Rs. In Lacs)				
<b>2 Name : Deepak Dalmia HUF</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	19.00	0.00	0.00	0.00
Amount Received/credited	0.00	69.00	0.00	0.00
Amount repaid/adjusted	19.00	50.00	0.00	0.00
Outstanding Amount	0.00	19.00	0.00	0.00
(Rs. In Lacs)				
<b>3 Name : Sharmila Enterprises#</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	25.00	0.00	0.00	0.00
Amount Received/credited	50.00	65.00	0.00	0.00
Amount repaid/adjusted	0.00	40.00	0.00	0.00



Outstanding Amount	75.00	25.00	0.00	0.00
# Unsecured Loan taken from Sharmila Enterprises is Interest free and repayable on 3 Months notice period.				
(Rs. In Lacs)				
<b>4 Name : Sunaina D. Dalmia</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	12.00	0.00	0.00	0.00
Amount Received/credited	0.00	24.50	0.00	0.00
Amount repaid/adjusted	12.00	12.50	0.00	0.00
Outstanding Amount	0.00	12.00	0.00	0.00
(Rs. In Lacs)				
<b>5 Name : Shashidevi Dalmia</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	18.00	0.00	0.00	0.00
Amount Received/credited	0.00	18.00	0.00	0.00
Amount repaid/adjusted	18.00	0.00	0.00	0.00
Outstanding Amount	0.00	18.00	0.00	0.00
(Rs. In Lacs)				
<b>6 Name : Vijay Corporation#</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	25.00	0.00	0.00	0.00
Amount Received/credited	25.00	50.00	0.00	0.00
Amount repaid/adjusted	25.00	25.00	0.00	0.00
Outstanding Amount	25.00	25.00	0.00	0.00
# Unsecured Loan taken from Vijay Corporation is Interest free and repayable on 3 Months notice period.				
(Rs. In Lacs)				
<b>7 Name : Jinay Enterprises</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	15.00	0.00	0.00
Amount repaid/adjusted	0.00	15.00	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00
(Rs. In Lacs)				
<b>8 Name : Deepa A. Dalmia</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	12.50	0.00	0.00
Amount repaid/adjusted	0.00	12.50	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00
(Rs. In Lacs)				
<b>9 Name : Lalita Textiles</b>				
Rate of Interest- NIL				
Particulars	For 6 months period	As At		

	ended 30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	5.05	0.00	0.00
Amount repaid/adjusted	0.00	5.05	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

(Rs. In Lacs)

**10 Name : Rawatkhedia Silk Mill Private Limited**

Rate of Interest- NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	1.00	0.00	0.00
Amount repaid/adjusted	0.00	1.00	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

(Rs. In Lacs)

**11 Name : Saroj Synthetics**

Rate of Interest : NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	21.00	0.00	0.00
Amount repaid/adjusted	0.00	21.00	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

(Rs. In Lacs)

**12 Name : Vijaya Textiles**

Rate of Interest- NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	14.75	0.00	0.00
Amount repaid/adjusted	0.00	14.75	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

**C. Unsecured Loans from Others (Share Holders) are interest free that are taken without any preconditions attached towards repayments.**

(Rs. In Lacs)

**1 Name : Vikas U Jain**

Rate of Interest- NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	75.00	75.00	0.00	0.00
Amount repaid/adjusted	75.00	75.00	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

(Rs. In Lacs)

**2 Name : Bright Synthetics**

Rate of Interest- NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	10.00	0.00	0.00
Amount repaid/adjusted	0.00	10.00	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

(Rs. In Lacs)

<b>3 Name : M. D. Textiles</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	19.00	0.00	0.00
Amount repaid/adjusted	0.00	19.00	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00
(Rs. In Lacs)				
<b>4 Name : Mohini Industries</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	5.00	0.00	0.00
Amount repaid/adjusted	0.00	5.00	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

**ANNEXURE- C****STANDALONE STATEMENT OF DEFERRED TAX ASSETS / (LIABILITIES)**

(Rs. In Lacs)

Sr. No.	Particulars	For 6 months period ended 30-Sep-2013	As at		
			31-Mar-13	31-Mar-12	31-Mar-11
A	Opening Balance of Deferred Tax Asset / (Liability)	(5.13)	0.00	0.00	0.00
B	DTA / (DTL) on Timing Difference in Depreciation as per Companies Act and Income Tax Act.	8.58	(151.25)	0.00	0.00
C	DTA / (DTL) on carry Forward Losses	(16.09)	145.76	0.00	0.00
D	DTA / (DTL) on allowances and disallowances u/s. 43B of Income Tax Act	0.29	0.36		
E	Provision of DTA / (DTL) for the period of audit (B + C + D)	(7.22)	(5.13)	0.00	0.00
F	<b>Closing Balance of Deferred Tax Asset / (Liability) (A + E)</b>	<b>(12.35)</b>	<b>(5.13)</b>	<b>0.00</b>	<b>0.00</b>

**ANNEXURE -D****STANDALONE STATEMENT OF TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
<b>TRADE PAYABLES</b>				
Creditors for Goods	413.70	164.44	0.00	0.00
Creditors for Others	22.70	17.03	4.09	0.31
<b>TOTAL TRADE PAYABLES</b>	<b>436.40</b>	<b>181.47</b>	<b>4.09</b>	<b>0.31</b>
<b>OTHER CURRENT LIABILITIES</b>				
Current maturities of long-term borrowings	642.83	1,579.85	109.92	0.00
Duties & Taxes				
- TDS Payable	0.53	0.70	0.30	0.00
- Professional Tax Payable	0.28	0.00	0.00	0.00
Security Deposit from customers	200.00	100.00	0.00	0.00
Share Application money due for refund	0.00	25.00	0.00	0.00
Advance From Customers	52.53	0.00	0.00	0.00
Lease rent payable	1.44	0.96	0.00	0.00
<b>Other Liabilities</b>				
Creditors for Capital Goods	80.16	12.80	63.02	0.00
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>977.78</b>	<b>1,719.31</b>	<b>173.25</b>	<b>0.00</b>

**ANNEXURE -E****STANDALONE STATEMENT OF LONG-TERM PROVISIONS**

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
Provision for Gratuity	0.57	0.24	0.00	0.00
<b>TOTAL</b>	<b>0.57</b>	<b>0.24</b>	<b>0.00</b>	<b>0.00</b>

**ANNEXURE -F****STANDALONE STATEMENT OF SHORT-TERM PROVISIONS**

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
<b>Provisions :</b>				
Provision for Taxation	4.45	3.39	0.00	0.00
Bonus payable	39.34	23.14	0.00	0.00
Wages payable	41.46	18.60	0.00	0.00
Salary payable	30.57	14.65	1.81	0.00
Service Tax payable	1.54	0.93	0.00	0.00
<b>TOTAL</b>	<b>117.37</b>	<b>60.70</b>	<b>1.81</b>	<b>0.00</b>

## ANNEXURE -G

## STANDALONE STATEMENT OF FIXED ASSETS

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
<b>Tangible Assets</b>				
Building	3,241.75	3,412.86	3.74	0.00
Borewell	3.02	3.09	0.00	0.00
Computer	47.62	60.71	0.01	0.00
Electrification	779.39	837.82	0.82	0.00
Plant & Machinery	18,748.77	20,154.34	22.80	0.00
Water Tank	32.89	33.74	0.04	0.00
<b>Total</b>	<b>22,853.44</b>	<b>24,502.57</b>	<b>27.39</b>	<b>0.00</b>
<b>Capital Work In Progress</b>	26,660.41	933.13	0.00	0.06
<b>Total</b>	<b>26,660.41</b>	<b>933.13</b>	<b>0.00</b>	<b>0.06</b>
<b>Grand Total</b>	<b>49,513.84</b>	<b>25,435.70</b>	<b>27.39</b>	<b>0.06</b>

## ANNEXURE -H

## STANDALONE STATEMENT OF LONG-TERM LOANS AND ADVANCES

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
<b>Unsecured, Considered Good unless otherwise stated</b>				
Security Deposit				
- Deposit with Gujarat Eco Textile Park Ltd.	15.00	15.00	10.00	0.00
Other loan and advances	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>15.00</b>	<b>15.00</b>	<b>10.00</b>	<b>0.00</b>
Note : None of the long term loans and advances as stated above are recoverable from Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/ Group company.				

## ANNEXURE - I

## STANDALONE STATEMENT OF INVENTORY

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
Raw Material	385.27	368.87	0.00	0.00
Work in Progress	0.00	132.10	0.00	0.00
Finished Goods	601.35	33.78	0.00	0.00
Stores& Packing Material	14.00	4.13	0.00	0.00
<b>Total</b>	<b>1,000.62</b>	<b>538.88</b>	<b>0.00</b>	<b>0.00</b>

## ANNEXURE –J

## STANDALONE STATEMENT OF TRADE RECEIVABLES

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
<b>Outstanding for a period exceeding six months (Unsecured and considered Good)</b>				
Unsecured and considered Good				
From Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/Subsidiary, Group Company	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
<b>Outstanding for a period not exceeding 6 months (Unsecured and considered Good)</b>				
Unsecured and considered Good				
From Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/ Group Company	0.00	0.00	0.00	0.00
Others	478.95	497.21	0.00	0.00
<b>TOTAL</b>	<b>478.95</b>	<b>497.21</b>	<b>0.00</b>	<b>0.00</b>
Note : None of the Trade Receivables as stated above are due from Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/Subsidiary company/ Group company.				

## ANNEXURE - K

## STANDALONE STATEMENT OF CASH AND BANK BALANCES

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
<b>Cash and Cash Equivalents</b>				
Cash in hand	0.42	6.32	5.84	4.03
<b>Balance with Schedule Bank</b>				
Bank of India (Current A/c. No. 270920110000018)	0.28	0.28	6.51	5.88
Bank of India (CC A/c. No. 270930110000020)	22.35	0.00	0.00	0.00
HDFC BANK (Current A/c. No. 50200001607049)	0.25	0.00	0.00	0.00
HDFC Bank (IEX Settlement A/c. 00990680035248)	10.86	0.00	0.00	0.00
<b>F.D.R. With Banks</b>				
FDR with Bank of India	199.63	457.52	100.92	210.52
[Fixed Deposit have been made and kept as securities against term loan and various bank guarantee extended on behalf of company to its suppliers.]				
<b>Total</b>	<b>233.78</b>	<b>464.12</b>	<b>113.27</b>	<b>220.43</b>

**ANNEXURE - L****STANDALONE STATEMENT OF SHORT-TERM LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
<b>Unsecured, Considered Good unless otherwise stated</b>				
Electricity Duty Refundable	84.07	55.32	0.00	0.00
Deposit to DGVCL for temp connection	0.75	0.75	0.75	0.00
Interest subsidy receivable	0.00	60.00	0.00	0.00
IT Refund (A.Y. 2013-14)	1.70	0.00	0.00	0.00
IT Refund (A.Y. 2012-13)	1.07	1.07	0.15	0.00
Prepaid Expenses	4.29	3.09	0.84	0.00
TDS Receivable	0.92	5.09	1.07	0.00
Advance Tax	2.00	0.00	0.00	0.00
Advances to suppliers				
- Supplier for capital goods	47.64	176.34	0.00	137.00
- Supplier for others	3.46	0.00	24.23	1.50
TED Receivable	0.00	4.89	0.00	0.00
MAT Credit	4.09	3.29	0.00	0.00
Other loan and advances	12.38	0.07	248.80	130.90
<b>TOTAL</b>	<b>162.36</b>	<b>309.92</b>	<b>275.85</b>	<b>269.40</b>

**ANNEXURE -M****STANDALONE STATEMENT OF OTHER CURRENT ASSETS**

(Rs. In Lacs)

Particulars	As at			
	30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
Accrued Interest on Fixed Deposit	7.32	1.10	0.26	0.00
<b>TOTAL</b>	<b>7.32</b>	<b>1.10</b>	<b>0.26</b>	<b>0.00</b>

**ANNEXURE -N****STANDALONE STATEMENT OF REVENUE FROM OPERATION**

(Rs. In Lacs)

Particulars	For 6 months period ended 30-Sep-2013	For the year ended		
		31-Mar-13	31-Mar-12	31-Mar-11
<b>Revenue From Operation</b>				
<u>Revenues from Sale of Product (Gross)</u>				
Sale of Products	4,300.04	5,724.25	0.00	0.00
Less: Quantity Discount	0.09	0.01	0.00	0.00
Less: Sales Return	42.28	15.30	0.00	0.00
<u>Other Operating Revenues</u>			0.00	0.00
Job Work Income	6.01	224.68		0.00
<b>Total</b>	<b>4,263.68</b>	<b>5,933.63</b>	<b>0.00</b>	<b>0.00</b>

**ANNEXURE -O****STANDALONE STATEMENT OF OTHER INCOME**

(Rs. In Lacs)

Particulars	For 6 months period ended 30-Sep-2013	For the year ended		
		31-Mar-13	31-Mar-12	31-Mar-11
<b>Recurring Income:</b>				
Interest Income	9.02	70.16	0.00	0.00
Electricity Duty Refund	28.74	55.32	0.00	0.00
Other Incomes	0.50	0.00	0.00	0.00
<b>Non-Recurring Income:</b>				
Profit on sale of Fixed Assets	0.01	0.00	0.00	0.00
<b>Total</b>	<b>38.28</b>	<b>125.48</b>	<b>0.00</b>	<b>0.00</b>

**ANNEXURE -P****STANDALONE STATEMENT OF COST OF MATERIAL CONSUMED**

(Rs. In Lacs)

Particulars	For 6 months period ended 30-Sep-2013	For the year ended		
		31-Mar-13	31-Mar-12	31-Mar-11
Consumption of Yarn	3269.65	3976.81	0.00	0.00
Consumption of Coal/ Lignite	173.53	159.57	0.00	0.00
Consumption of Colour/ Chemical	353.57	434.20	0.00	0.00
Consumption of Stores/ Packing Materials	56.65	89.03	0.00	0.00
<b>Total</b>	<b>3853.41</b>	<b>4659.60</b>	<b>0.00</b>	<b>0.00</b>

**ANNEXURE -Q****STANDALONE STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK-IN-TRADE**

(Rs. In Lacs)

Particulars	For 6 months period ended 30-Sep-2013	For the year ended		
		31-Mar-13	31-Mar-12	31-Mar-11
<u>Closing stock of finished Goods</u>				
Finished Stock of Goods	601.35	33.78	0.00	0.00
WIP	0.00	132.10	0.00	0.00
<b>Total</b>	<b>601.35</b>	<b>165.88</b>	<b>0.00</b>	<b>0.00</b>
Less :				
<u>Opening Stock of Finished Goods</u>				
Finished Stock of Goods	33.78	0.00	0.00	0.00
WIP	132.10	0.00	0.00	0.00
<b>Total</b>	<b>165.88</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Changes in inventories of finished goods, WIP and Stock-in-Trade</b>	<b>(435.47)</b>	<b>(165.88)</b>	<b>0.00</b>	<b>0.00</b>

**ANNEXURE - R****STANDALONE STATEMENT OF EMPLOYEE BENEFITS EXPENSES**

(Rs. In Lacs)

Particulars	For 6 months period ended 30-Sep-2013	As at		
		31-Mar-13	31-Mar-12	31-Mar-11
<b>Employee Benefit Expenses</b>				
Salary & Wages	117.72	171.94	0.00	0.00
Bonus	39.34	46.28	0.00	0.00
Leave Wages	9.55	6.06	0.00	0.00
Staff Welfare Expenses.	5.17	3.62	0.00	0.00
P.F. (Employer's Contribution)	0.44	0.58	0.00	0.00
ESIC (Employer's Contribution)	0.44	0.53	0.00	0.00
Labour Welfare Funds (Contribution)	0.04	0.01	0.00	0.00
Gratuity Expense	0.32	0.24	0.00	0.00
<b>Total Employee Benefit Expenses</b>	<b>173.03</b>	<b>229.26</b>	<b>0.00</b>	<b>0.00</b>

Note :

- Salary & Wages include Directors Remuneration to all the directors amounting to Rs. 1.50 lacs each for half year ended on 30th September 2013 and Rs. 3 lacs each for F.Y. 2012-13.
- Staff Welfare Expenses include food and medical exp of Rs. 2.39 lacs & Rs. 2.79 lacs for half year ended on 30th September 2013 and Rs. 1.95 lacs & Rs. 1.67 lacs for F.Y. 2012-13 resp. borne by the company for betterment of its employees.



## ANNEXURE – S

## STANDALONE STATEMENT OF FINANCIAL EXPENSE

(Rs. In Lacs)

Particulars	For 6 months period ended 30-Sep-2013	As at		
		31-Mar-13	31-Mar-12	31-Mar-11
<b>Finance Costs</b>				
Bank Charges	2.00	8.90	0.00	0.00
Bank Charges for L/C	0.42	0.31	0.00	0.00
Bank Interest on Cash Credit	1.80	29.58	0.00	0.00
Bank Interest on Term Loan	113.16	273.88	0.00	0.00
Bank Guarantee Charges	0.01	0.00	0.00	0.00
<b>Total Finance Costs</b>	<b>117.39</b>	<b>312.66</b>	<b>0.00</b>	<b>0.00</b>

## ANNEXURE - T

## STANDALONE STATEMENT OF OTHER EXPENSE

(Rs. In Lacs)

Particulars	For 6 months period ended 30-Sep-2013	As at		
		31-Mar-13	31-Mar-12	31-Mar-11
<b>Other Expenses</b>				
<b>Manufacturing Expenses</b>				
Electricity Expenses	221.83	423.21	0.00	0.00
Factory Expenses	3.94	2.81	0.00	0.00
Lease Rent (Land)	0.48	0.96	0.00	0.00
Repairs & Maintenance (Machine)	4.73	2.88	0.00	0.00
Diesel Expenses	3.61	0.73	0.00	0.00
<b>Total Manufacturing Expenses</b>	<b>234.59</b>	<b>430.60</b>	<b>0.00</b>	<b>0.00</b>
<b>Administrative Expenses</b>				
Advertisement Expense	0.72	0.00	0.00	0.00
Agency Charges	0.49	0.00	0.00	0.00
Audit Fees	0.00	1.12	0.28	0.05
Computer Expenses	1.14	0.44	0.00	0.00
Conveyance Expenses	0.48	1.07	0.00	0.00
Courier Expenses	0.46	0.71	0.00	0.00
General Expenses	0.00	0.00	0.00	0.00
Insurance Expenses	4.22	0.42	0.00	0.00
Land Tax	0.15	0.00	0.00	0.00
License Fees	0.07	0.08	0.00	0.00
Loan Expenses	0.00	0.49	0.00	0.00
Membership & subscription	0.65	0.94	0.00	0.00
Miscellaneous Expenses	6.32	5.17	0.00	0.00
Panchayat Tax	0.00	1.82	0.00	0.00
Pollution Control Exp	0.02	0.92	0.00	0.00
Printing & Stationary	4.65	5.26	0.00	0.00
Professional & Legal Fees	1.31	3.72	0.11	0.01
Professional Tax	0.03	0.00	0.00	0.00
Repairs & Maintenance ( Others)	0.00	0.03	0.00	0.00
ROC Expenses	0.17	15.03	3.06	3.79
Service Tax Expenses	0.61	0.93	0.00	0.00
Travelling Expenses	3.29	2.21	0.00	0.00
Travelling Expenses (Foreign)	1.25	1.29	0.00	0.00
Vat Audit Fees	0.00	0.17	0.00	0.00
Interest on late payment of TDS & other charges	0.03	0.03	0.00	0.00
<b>Total Administrative Expenses</b>	<b>26.06</b>	<b>41.84</b>	<b>3.45</b>	<b>3.85</b>

<b>Selling and Distribution Expenses</b>				
Brokerage and Commission	24.00	30.10	0.00	0.00
Freight and Transportation (other)	0.03	0.26	0.00	0.00
Cash Discount	116.34	121.24	0.00	0.00
Rate Difference	4.41	10.55	0.00	0.00
<b>Total Selling and Distribution Expenses</b>	<b>144.78</b>	<b>162.15</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Other Expenses</b>	<b>405.43</b>	<b>634.60</b>	<b>3.45</b>	<b>3.85</b>

**ANNEXURE - U****STANDALONE STATEMENT OF RELATED PARTY TRANSACTION**

<b>a) Names of the related parties with whom transactions were carried out during the years and description of relationship:</b>		
<b>Sr. No.</b>	<b>Name</b>	<b>Relation</b>
1	Amitkumar Dalmia	Directors/key management personnel
2	Deepak A. Dalmia	
3	Rajkumar M. Borana	
4	Ankur M. Borana	
5	Amitkumar Dalmia - HUF	Relative of Directors/key management personnel
6	Deepak Dalmia - HUF	
7	Rajkumar Borana - HUF	
8	Ankur Borana - HUF	
9	Sunaina D. Dalmia	
10	Shashidevi Dalmia	
11	Deepa A. Dalmia	
12	Sharmila Borana	
13	Mangilal Borana	Companies/Entity Owned or Significantly influenced by Director/key management personnel Relatives of Directors/key management personnel
14	Mangilal Borana HUF	
15	Dhawani Ankur Borana	
16	Mohini Borana	
17	Sharmila Enterprises	
18	Vijay Corporation	
19	Jinay Enterprises	
20	Lalita Textiles	
21	Rawatkhedha Silk Mill Private Limited	
22	Saroj Synthetics	
23	Vijaya Textiles	
24	Mayfair Vinimay Private Limited	

<b>1. Transactions with Directors / Key management personnel</b>					
<b>Sr. No</b>	<b>Nature of Transactions</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>For the year ended</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
(Rs. In Lacs)					
<b>A</b>	<b>Transaction During the Year</b>				
	<b>Remuneration</b>				
	Amitkumar Dalmia	1.50	3.00	0.00	0.00
	Deepak A. Dalmia	1.50	3.00	0.00	0.00
	Rajkumar M. Borana	1.50	3.00	0.00	0.00
	Ankur M. Borana	1.50	3.00	0.00	0.00
	<b>Lease Rent</b>				
	Amitkumar Dalmia	0.12	0.24	0.00	0.00
	Deepak A. Dalmia	0.12	0.24	0.00	0.00
	Rajkumar M. Borana	0.12	0.24	0.00	0.00
	Ankur M. Borana	0.12	0.24	0.00	0.00
	<b>Shares Allotted (Amount in numbers)</b>				
	Amitkumar Dalmia	0.00	25,000	0.00	12,500
	Deepak A. Dalmia	0.00	25,000	0.00	12,500

Rajkumar M. Borana	0.00	112,500	43,750	12,500
Ankur M. Borana	0.00	112,500	43,750	12,500
<b>Loan Transactions :</b>				
<b>Amitkumar Dalmia</b>				
<b>Unsecured Loan Taken</b>				
Opening Balance	35.00	0.00	0.00	0.00
Amount Received/credited	83.00	37.00	0.00	3.75
Amount repaid/adjusted	35.00	2.00	0.00	3.75
Outstanding Amount	83.00	35.00	0.00	0.00
<b>Loan Given</b>				
Opening Balance	0.00	18.00	0.00	0.00
Amount Given/Debited	0.00	0.00	68.00	0.00
Amount received/adjusted	0.00	18.00	50.00	0.00
Outstanding Amount	0.00	0.00	18.00	0.00
<b>Deepak A. Dalmia</b>				
<b>Unsecured Loan Taken</b>				
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	37.00	43.00	0.00	0.00
Amount repaid/adjusted	0.00	43.00	0.00	0.00
Outstanding Amount	37.00	0.00	0.00	0.00
<b>Loan Given</b>				
Opening Balance	0.00	18.00	0.00	0.00
Amount Given/Debited	0.00	0.00	57.00	0.00
Amount received/adjusted	0.00	18.00	39.00	0.00
Outstanding Amount	0.00	0.00	18.00	0.00

**2.Transaction with Relative of Directors / KMP**

<b>1 Name : Amitkumar Dalmia HUF</b>					
<b>Unsecured Loan Taken</b>					
Rate of Interest- NIL					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	Opening Balance	11.00	0.00	0.00	0.00
	Amount Received/credited	0.00	91.00	15.00	0.00
	Amount repaid/adjusted	11.00	80.00	15.00	0.00
	Outstanding Amount	0.00	11.00	0.00	0.00
<b>Loan Given</b>					
Rate of Interest- 0.00					
	Opening Balance	0.00	7.00	7.00	0.00
	Amount Given/Debited	0.00	0.00	0.00	0.00
	Amount received/adjusted	0.00	7.00	0.00	0.00
	Outstanding Amount	0.00	0.00	7.00	0.00
	<b>Shares Allotted (Amount in numbers)</b>	0.00	4,000.00	0.00	2,000.00
( Rs. In Lacs)					
<b>2 Name : Deepak Dalmia HUF</b>					
<b>Unsecured Loan Taken</b>					
Rate of Interest- NIL					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>

Opening Balance	19.00	0.00	0.00	0.00
Amount Received/credited	0.00	69.00	10.00	0.00
Amount repaid/adjusted	19.00	50.00	10.00	0.00
Outstanding Amount	0.00	19.00	0.00	0.00
<b>Shares Allotted (Amount in numbers)</b>	0.00	4,000.00	0.00	2,000.00
<b>3 Name : Ankur Borana HUF</b>				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Shares Allotted (Amount in numbers)	0.00	122,000.00	26,500.00	2,000.00
<b>4 Name : Rajkumar Borana HUF</b>				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Shares Allotted (Amount in numbers)	0.00	57,000.00	59,000.00	2,000.00
(Rs. In Lacs)				
<b>5 Name : Sunaina D. Dalmia</b>				
<b>Unsecured Loan Taken</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	12.00	0.00	0.00	0.00
Amount Received/credited	0.00	24.50	0.00	0.00
Amount repaid/adjusted	12.00	12.50	0.00	0.00
Outstanding Amount	0.00	12.00	0.00	0.00
<b>Shares Allotted (Amount in numbers)</b>	0.00	4,000.00	0.00	2,000.00
(Rs. In Lacs)				
<b>6 Name : Shashidevi Dalmia</b>				
<b>Unsecured Loan Taken</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	18.00	0.00	0.00	0.00
Amount Received/credited	0.00	18.00	0.00	0.00
Amount repaid/adjusted	18.00	0.00	0.00	0.00
Outstanding Amount	0.00	18.00	0.00	0.00
<b>Shares Allotted (Amount in numbers)</b>	0.00	4,000.00	0.00	2,000.00
(Rs. In Lacs)				
<b>7 Name : Deepa A. Dalmia</b>				
<b>Unsecured Loan Taken</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	12.50	0.00	0.00
Amount repaid/adjusted	0.00	12.50	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00
<b>Shares Allotted (Amount in numbers)</b>	0.00	4,000.00	0.00	2,000.00
<b>8 Name : Sharmila Borana</b>				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11

	<b>Shares Allotted (Amount in numbers)</b>	0.00	7,000.00	1,500.00	2,000.00
<b>9 Name : Mangilal Borana</b>					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>Shares Allotted (Amount in numbers)</b>	0.00	200,000.00	100,000.00	0.00
<b>10 Name : Mangilal Borana HUF</b>					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>Shares Allotted (Amount in numbers)</b>	0.00	150,000.00	75,000.00	0.00
<b>11 Name : Dhawani Ankur Borana</b>					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>Shares Allotted (Amount in numbers)</b>	0.00	102,000.00	49,000.00	2,000.00
<b>12 Name : Mohini Borana</b>					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>Shares Allotted (Amount in numbers)</b>	0.00	7,000.00	1,500.00	2,000.00
<b>3. Transactions with Companies/Entity Owned or Significantly influenced by Director/KMP</b>					
<i>(Rs. In Lacs)</i>					
<b>1 Name : Sharmila Enterprises</b>					
<b>Unsecured Loan Taken</b>					
Rate of Interest- NIL					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	Opening Balance	25.00	0.00	0.00	0.00
	Amount Received/credited	50.00	65.00	0.00	0.00
	Amount repaid/adjusted	0.00	40.00	0.00	0.00
	Outstanding Amount	75.00	25.00	0.00	0.00
<b>Loan Given</b>					
Rate of Interest- NIL					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	Opening Balance	0.00	0.00	10.00	0.00
	Amount Given/Debited	0.00	0.00	0.00	10.00
	Amount received/adjusted	0.00	0.00	10.00	0.00
	Outstanding Amount	0.00	0.00	0.00	10.00
<b>2 Name : Vijay Corporation</b>					
<b>Unsecured Loan Taken</b>					
Rate of Interest- NIL					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	Opening Balance	25.00	0.00	0.00	0.00
	Amount Received/credited	25.00	50.00	0.00	0.00
	Amount repaid/adjusted	25.00	25.00	0.00	0.00
	Outstanding Amount	25.00	25.00	0.00	0.00
<b>Loan Given</b>					
Rate of Interest- NIL					
	<b>Particulars</b>	<b>For 6 months period ended 30-Sep-2013</b>	<b>As At</b>		
			<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	Opening Balance	0.00	0.00	10.00	0.00

Amount Given/Debited	0.00	0.00	0.00	10.00
Amount received/adjusted	0.00	0.00	10.00	0.00
Outstanding Amount	0.00	0.00	0.00	10.00

(Rs. In Lacs)

**3 Name : Jinay Enterprises**
**Unsecured Loan Taken**

Rate of Interest- NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	15.00	0.00	0.00
Amount repaid/adjusted	0.00	15.00	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

**Loan Given**

Rate of Interest- NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	15.00	0.00	0.00
Amount Given/Debited	0.00	0.00	35.00	0.00
Amount received/adjusted	0.00	15.00	20.00	0.00
Outstanding Amount	0.00	0.00	15.00	0.00

(Rs. In Lacs)

**4 Name : Lalita Textiles**
**Unsecured Loan Taken**

Rate of Interest- NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	5.05	0.00	0.00
Amount repaid/adjusted	0.00	5.05	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

**Loan Given**

Rate of Interest- NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	30.05	20.00	0.00
Amount Given/Debited	0.00	0.00	30.05	20.00
Amount received/adjusted	0.00	30.05	20.00	0.00
Outstanding Amount	0.00	0.00	30.05	20.00

(Rs. In Lacs)

**5 Name : Rawatkhedha Silk Mill Private Limited**
**Unsecured Loan Taken**

Rate of Interest- NIL

Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	1.00	40.00	0.00
Amount repaid/adjusted	0.00	1.00	40.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00

**Loan Given**

Rate of Interest- NIL

Particulars	For 6 months period	As At
-------------	---------------------	-------

	ended 30-Sep-2013	31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	20.00	15.00	0.00
Amount Given/Debited	0.00	10.00	45.00	15.00
Amount received/adjusted	0.00	30.00	40.00	0.00
Outstanding Amount	0.00	0.00	20.00	15.00
<b>Shares Allotted (Amount in numbers)</b>	0.00	1,000,000.00	500,000.00	0.00
(Rs. In Lacs)				
<b>6 Name : Saroj Synthetics</b>				
<b>Unsecured Loan Taken</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	21.00	0.00	0.00
Amount repaid/adjusted	0.00	21.00	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00
<b>Loan Given</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	21.00	25.00	0.00
Amount Given/Debited	0.00	0.00	45.00	25.00
Amount received/adjusted	0.00	21.00	49.00	0.00
Outstanding Amount	0.00	0.00	21.00	25.00
(Rs. In Lacs)				
<b>7 Name : Vijya Textiles</b>				
<b>Unsecured Loan Taken</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	0.00	0.00	0.00
Amount Received/credited	0.00	14.75	0.00	0.00
Amount repaid/adjusted	0.00	14.75	0.00	0.00
Outstanding Amount	0.00	0.00	0.00	0.00
<b>Loan Given</b>				
Rate of Interest- NIL				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
Opening Balance	0.00	49.75	20.00	0.00
Amount Given/Debited	0.00	0.00	56.25	20.00
Amount received/adjusted	0.00	49.75	26.50	0.00
Outstanding Amount	0.00	0.00	49.75	20.00
<b>8 Name : MAYFAIR VINIMAY PVT LTD</b>				
Particulars	For 6 months period ended 30-Sep-2013	As At		
		31-Mar-13	31-Mar-12	31-Mar-11
<b>Shares Allotted (Amount in numbers)</b>	0.00	250,000.00	125,000.00	0.00

## ANNEXURE- V

## STANDALONE CAPITALISATION STATEMENT

(Rs. In Lacs)

Particulars	Pre-Issue		Post-Issue*
	As at		
	30-Sep-2013	31-Mar-2013	
Debt			
Short Term Debt	888.72	633.97	888.72
Long Term Debt	3,470.86	1,816.01	3,470.86
<b>Total Debt</b>	<b>4,359.58</b>	<b>2,449.98</b>	<b>4,359.58</b>
Shareholders' Fund (Equity)			
Share Capital	829.52	629.52	1,399.47
Reserves & Surplus	1,647.42	1,234.91	1,448.47
Less: Miscellaneous Expenses not w/off	0.00	0.00	0.00
<b>Total Shareholders' Fund (Equity)</b>	<b>2,476.94</b>	<b>1,864.44</b>	<b>2,847.94</b>
Long Term Debt/Equity	1.40	0.97	1.22
Total Debt/Equity	1.76	1.31	1.53

**Notes:**

1. Short term Debts represent which are expected to be paid/payable within 12 months and excludes installment of term loans repayable within 12 months.
2. Long term Debts represent debts other than Short term Debts as defined above but includes installment of term loans repayable within 12 months grouped under other current liabilities
3. The figures disclosed above are based on re stated statement of Assets and Liabilities of the Company as at 30.09.2013 and 31.03.13.

## ANNEXURE – W

## STANDALONE MANDATORY ACCOUNTING RATIOS

(Rs. In Lacs)

	Particulars	For 6 months period ended 30-Sep-2013	As at		
			31-Mar-13	31-Mar-12	31-Mar-11
A	Face Value per equity Share (in Rs.)	10.00	10.00	10.00	10.00
B	Earnings/ (losses) Per Share (in Rs.)				
	(a) Basic Earnings/ (losses) Per Share [E/F(a)]	0.17	0.02	0.00	0.00
	(b) Diluted Earnings/ (losses) Per Share [E/F(b)]	0.17	0.02	0.00	0.00
C	(ii) Return on Net Worth (in %) [E/H]	0.50%	0.04%	0.00	0.00
D	(iii) Net Assets Value per Share (in Rs.) [H/G]	29.86	29.62	74.20	4.65
E	(a) Net profit available for appropriation (as restated)	12.50	0.83	0.00	0.00
F	Weighted average numbers of equity shares for calculating EPS.				
	(a) Weighted average numbers of equity shares for calculating Basic EPS.	74.97	43.84	0.00	0.00
	(b) Weighted average numbers of equity shares for calculating diluted EPS.	74.97	44.25	0.00	0.00
G	No. of equity shares outstanding at the end of the year/ period.	82.95	62.95	17.37	0.72
H	<b>Net Worth as at the end of the period/year</b>	<b>2,476.94</b>	<b>1,864.44</b>	<b>1,288.60</b>	<b>3.35</b>

Note 1. The weighted average number of equity shares outstanding at the year ended on 31st march 2013, are also adjusted for the year end balance of share application money pending allotment, as considered potential equity shares, for calculation of Diluted Earning Per Share as per the AS 20

Note 2. The Basic and diluted EPS for the period ended September 30, 2013 after considering Bonus issue of 1989452 shares made on October 9, 2013 is Rs 0.13 per share



**Notes:**

1. The above ratios are calculated as under:  
a) Basic and Diluted Earnings per Share =

Net Profit available for appropriation (as restated)

Weighted average number of equity shares outstanding during the year

- b) Return on Net Worth (%) =

Net Profit available for appropriation (as restated)

Net worth as at the year end

- c) Net Asset Value Per Equity Share =

Net Worth as at the end of the period/year

Number of equity shares outstanding at the end of the Year

2. Net Worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account;

3. Earnings Per Share (EPS) calculation are in accordance with the Accounting Standard 20 "Earnings Per Share" prescribed under the Companies (Accounting Standards) Rules, 2006.

4. The figures disclosed above are based on the restated financial information of the Company.

5. Basic and Diluted EPS for the period ended 30th September 2013 are not annualized.

**ANNEXURE – X**
**STANDALONE STATEMENT OF TAX SHELTER**

(Rs. In Lacs)

Particulars	For the Year / period ended			
	30-Sep-13	31-Mar-13	31-Mar-12	31-Mar-11
Restated Profit before tax	23.37	6.06	(3.45)	(3.85)
MAT Rate	18.50%	18.50%	18.50%	18.00%
Normal Tax Rate	30.00%	30.00%	30.00%	30.00%
Normal Tax on above	7.01	1.82	0.00	0.00
<b>Adjustments:</b>				
<u>Permanent Differences:</u>				
Profit on sale of asset	(0.01)	0.00	0.00	0.00
<u>Temporary Difference:</u>				
Difference between book depreciation & tax depreciation	27.77	(489.47)	0.00	0.00
Expenses Disallowed u/s. 43B of the Income Tax Act				
Gratuity	0.32	0.24	0.00	0.00
Service Tax Expenses	0.61	0.93	0.00	0.00
<u>Deduction Chapter VIA</u>	0.00	0.00	0.00	0.00
<u>Other Adjustments:</u>				
Brought Forward Losses adjusted	(52.07)	0.00	0.00	0.00
Total Adjustments	<b>(23.38)</b>	<b>(488.30)</b>	0.00	0.00
Tax expense/(saving) thereon	(7.02)	(146.49)	0.00	0.00
<u>Total Tax Payable:</u>				
Tax Payable for the current year under normal tax - (a)	(0.00)	0.00	0.00	0.00
Tax Payable for the current year under MAT - (b)	4.32	1.12	0.00	0.00
Maximum of (a) and (b)	4.32	1.12	0.00	0.00
Add: Edu. Cess and Higher Edu. Cess	0.13	0.03	0.00	0.00
Tax & Interest thereon payable under assessment of earlier years	0.00	0.00	0.00	0.00
Total Tax Payable	4.45	1.15	0.00	0.00
Brought Forward Business Loss - Unabsorbed Depreciation*	(419.63)	(471.70)	0.00	0.00

\*The Brought forward business loss-unabsorbed depreciation is taken as calculated under Income Tax.

**STANDALONE STATEMENT OF CONTINGENT LIABILITY**

(Rs. In Lacs)

Particulars	As at			
	30-Sep-13	31-Mar-13	31-Mar-12	31-Mar-11
<b>Guarantees in respect of Deposit</b>				
Dakshin Gujarat Vij Company Limited, Surat	35.3	35.3	0.00	0.00
Dakshin Gujarat Vij Company Limited, Surat	45.5	45.5	0.00	0.00
<b>Performance Guarantee</b>				
Director of Foreign Trade, New Delhi	7.0	7.0	0.00	0.00
Director of Foreign Trade, New Delhi	0.6	0.6	0.00	0.00
Commissioner of Customs, Nhava Seva, Mumbai	133.5	133.5	0.00	0.00
Director of Foreign Trade, New Delhi	12.7	12.7	0.00	0.00
Director of Foreign Trade, New Delhi	2.8	2.8	0.00	0.00
Commissioner of Customs, Nhava Seva, Mumbai	3.0	3.0	0.00	0.00
Director of Foreign Trade, New Delhi	19.0	0.0	0.00	0.00
Director of Foreign Trade, New Delhi	1.1	0.0	0.00	0.00
Director of Foreign Trade, New Delhi	8.3	0.0	0.00	0.00
Director of Foreign Trade, New Delhi	0.2	0.0	0.00	0.00

**STATEMENT OF FINANCIAL INDEBTEDNESS**

Brief details on the financial indebtedness of the Company as on February 28, 2014 is as under:

**A. Secured Loan from Banks**

*(Rs. In lakhs)*

Name of Lender	Purpose	Sanction Amount	Rate of interest#	Securities offered	Re-payment	Outstanding amount as per books of accounts
<b>Secured Loans</b>						
Bank of India	Working Capital – Fund based (Cash Credit) A/c. No. 270930110000020	1800.00	3% above base rate (present rate 13.25% p.a.)	<b>Primary Security</b> <b>For TL :</b> Hypothecation of all Plant and Machineries and other assets of the Company  <b>For CC :</b> Hypothecation of Stock and Book Debts  <b>Other Securities for TL and CC :</b> Margin Money for BG (TDR and LIC policies) and EQM and L&B at Block no. 467, Sachin Palsana Highway, belonging to Shri Amit Dalmia, Shri Deepak Dalmia, Shri Rajkumar Borana & Shri Ankur Borana  <b>Collateral Security :</b> * As Per Note 1  <b>Personal Guarantee :</b> * As Per Note 2	on Demand	503.23
Bank of India	Term Loan A/c. No. 270965410000010	2000.00	3.75% above base rate (sanction rate was 14% p.a.)		Repayable in 84 monthly installments of Rs. 23.81 Lacs	1409.10
Bank of India	Term Loan A/c. No. 270965410000030	2500.00	3.75% above base rate (sanction rate was 14% p.a.)		Repayable in 84 monthly installments of Rs. 29.76 lacs	1814.70

# Rate of Interest is taken as per sanction letter dated 13-03-2013

**\*Note 1:**

EQM on Plot B-2 from west side, plot B-2 and Plot D-4, Indraprastha Soc, Opp. 3rd Bunglow, Behind Rajhans Cinema, Near Ratna Sagar Soc., Vesu, Surat in the name of Shri Anand Dalmia.

**Note 2:**

All Fund based and Non fund based, Joint and Several Guarantee by following parties.

1. Shri Amit Dalmia
2. Shri Deepak Dalmia
3. Shri Rajkumar Borana
4. Shri Ankur Borana
5. Shri Mangilal Borana
6. Shri Anand Dalmia
7. Mayfair Vinimay Private Limited
8. Rawatkhedha Silk Mill Private Limited
9. Rawat Khedia Processors Private Limited

**B. Unsecured Loans***(Rs. In lakhs)*

Name of Lender	Purpose	Rate of interest	Re-payment	Outstanding amount
Amitkumar Dalmia	Business Loan	Nil	On Notice of 3 months	83.00
Deepak Dalmia	Business Loan	Nil	On Notice of 3 months	37.00
Sharmila Enterprises	Business Loan	Nil	On Notice of 3 months	85.00
Vijay Corporation	Business Loan	Nil	On Notice of 3 months	60.00

**Restrictive Covenants**

As per Sanction Letter 13-03-2013, stamped undertaking had been submitted in favour of the Bank of the following effect that during the currency of Bank's credit facilities, the Company shall not without Bank's permission in writing.

- Effect any adverse changes in Company's/firm's capital structure.
- Formulate any scheme of amalgamation or merger or reconstruction.
- Implement any scheme of expansion or diversification or capital expenditure except normal replacements indicated in funds flow statement submitted to and approved by the Bank.
- Enter into any borrowing or non-borrowing arrangements either secured or unsecured with any other Bank, financial institution, Company, firm or otherwise or accept deposits in excess of the limits laid down by Reserve Bank of India.
- Invest by way of share capital in or lent or advance funds to or place deposits with any other Company/firm/concern (including group companies/associates)/persons. Normal trade credit or security deposit in the normal course of business or advance to employees can, however be extended.
- Undertake guarantee obligations on behalf of any other Company/firm/person.
- Make any drastic change(s) in its management set-up.
- Approach capital market for mobilizing additional resources either in the form of Debts or equity.
- Sell or dispose off or create security or encumbrances on the assets charged to the Bank in favour of any other Bank, Financial institution, Company, firm, individual.
- Repay monies brought in by the promoters, partners, directors, share holders, their relatives and friends in the business of the Company/firm by way of deposits/loan/share application money etc.
- Declare dividend for any year except out of profits relating to that year after meeting all the financial commitments to the bank making all due and necessary provisions and till the financial position improves at the estimated/projected levels given by them.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated financial statements included in this Prospectus. You should also read the section entitled "**Risk Factors**" beginning on page 8 and "**Forward Looking Statements**" beginning on page 7, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations.

The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Financial Statements for the stub period ended September 2013 and the fiscal years ended March 31 2013, 2012 and 2011, including the schedules and notes thereto and the reports thereon, which appear in the section titled "**Financial Statements of the Company**" on Page No.119 of this Draft Prospectus. The financial statements presented and discussed herein have been prepared to comply in all material respects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act and SEBI (Issue of Capital and Disclosure Requirements) Regulations. Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year. The forward-looking statements contained in this discussion and analysis is subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in "**Forward-Looking Statements**" and "**Risk Factors**", beginning on Page No. 7 & 8 respectively, of this Draft Prospectus.

### Our Business:

Our company was incorporated on November 17, 2010 and we are into business of Manufacturing and Sale of quality Denim Textile. We started our commercial production in the FY 2012- 13 and have achieved the turnover of Rs. 6000.00 lacs in the first year itself. Today we are manufacturing various types of Denims ranging from 9 to 14 Oz/sq.yd and with Open End/ Ring Spun Yarns, Slub Yarns, Multi Count, Cottons and Polyester Spandex with Indigo Bottom Sulphur Toppings and Sulphur Bottom and Indigo Toppings with both Foam and Wet finishes at our state of art facility located near Surat, Gujarat. Our current installed capacity is 1.25 million meters pa. Moving forward, we intend to manufacture premium quality denim fabric and tap new markets.

For the year ended March 31, 2013, our Company's Total Income and Restated Profit after Tax was Rs. 6059.11 Lacs and Rs. 0.83 Lacs respectively. For the 6 months ended as on September 30, 2013, our Company's Total Income and Restated Profit After Tax was Rs. 4301.96Lacs and Rs. 12.50 Lacs, respectively.

### Our Competitive Strengths:

1. **Experienced Management Team:** We have qualified and experienced management team which has substantially contributed to the growth of our business operations. Our Company is managed by a team of experienced and professional personnel with exposure in various aspects Textile industry (Weaving, Printing & Embroidery). Our Promoters Mr. Amitkumar Dalmia, Mr. Deepak Dalmia, Mr. Rajkumar Borana & Mr. Ankur Borana have combined experience of more than 4 decades in Textile Business. One of our promoters, Mr. Amitkumar Dalmia was awarded with Rashtriya Udyog Ratna Award in the year 2011 by National Education & Human Resource Development Organisation for its Excellence in respective field.
2. **State of Art Manufacturing Facility:** Our state of Art manufacturing facility is located near Surat in the state Gujarat, which is one of the major Textile markets in the country. Our Manufacturing Facility is equipped with Modern technology, Testing Lab, Quality Controls and Latest Brand New Machines which includes Air Jet Looms, Dryers, Auto Flame Control Singeing and Humidification Plant etc. Our manufacturing unit is fully integrated and self sufficient. The raw materials, consumables and other utilities are also readily available.
3. **Strong Promoters:** Our Company is a promoted by the promoters of Rawatkhedhia and Borana Group, which are well known names in the Surat Textile Market for last 30 years. Rawatkhedhia group was established by Shri. Anand Dalmia and are into Textile Processing (Weaving, Printing & Embroidery) and Trading of Sarees/Dress materials at Surat. Borana Group, promoted by Shri Mangilal Borana is into manufacturing of Grey Fabrics and Paper.
4. **Quality Product:** Our Company adheres strictly on supplying quality products. We are specific about the quality of products manufactured by us and intensive care is taken to determine the standard of each and every inch of material dispatched from the plant. A highly efficient as well as fully functional lab has been put up, to test and run the quality check analysis.

**Our Business Strategy:** We intend to pursue the following strategies to leverage our competitive strengths and grow our business:

1. **Introduction of High Value Product:** Currently, we are manufacturing various types of Denims ranging from 9 to 14 Oz/sq.yd with Open End/ Ring Spun Yarns, Slub Yarns, Multi Count, Cottons and Polyester Spandex, Indigo Bottom Sulphur Toppings and Sulphur Bottom and Indigo Toppings. Moving forward, we intend to manufacture high value Denim textile which are below 9 Oz/sq.yd which will enable us to have higher margins.
2. **Increasing Geographical Presences:** Currently, we are operate in 5 states viz. Gujarat, Karnataka, West Bengal, Delhi and Maharashtra through our Dealer Network. In future, we intend to enter and capture new market eg. Bangalore, Chennai, Ludhiana & Exports Markets which will increase our geographical presence thereby increasing our customer base.
3. **Reduction of Debt:** One of our Business Strategy is to reduce our debt burden and consequently high interest cost for improved and thereby having better operating results in the coming years. Our Company intends to utilize the Issue Proceeds towards the Part Repayment of Term Loan-II to the extent of Rs. 330.00 Lacs against the Total Outstanding balance of Rs. Rs. 1814.70 Lacs as on February 28, 2014 obtained from Bank of India.
4. **Backward Integration:** Currently, we are purchasing cotton yarn and syntheteic yarn from outside parties for weaving of Denim fabric. In future we intend to enter into spinning of yarns which will enable us to have a meet our raw material requirement internally thereby reducing our dependence on outsiders and thereby becoming fully integrated ranging from fibre to fabric.
5. **Direct Selling to Brands:** Moving forward, we intend to tap new market and further sell directly to brands in addition to our authorized dealers. Direct Selling to brands like Levis, Lee, Pepe and Killer etc. This will enhance our reputation as well improve our margins.

**Our Marketing Strategy:** We intend to pursue following marketing strategies:

- ✓ Increasing Dealer Network
- ✓ Tapping New Markets
- ✓ Direct Selling to Brands

**Key factors affecting our Results of Operations:**

- Disruption in our manufacturing facilities
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Disruption in supply of Raw Materials
- Increased in prices of Fuel and Power
- Increase in Prices of Raw Material
- Realisation of Contingent Liabilities
- Occurrence of Environmental Problems & Uninsured Losses
- Increased competition in industries/sector in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

**Significant Accounting Policies**

Our significant accounting policies are described in the section entitled "**Financial Information of the Company**" on Page No.125 of this Draft Prospectus.

**Changes in Accounting Policies in the previous 3 years:** There is no change in accounting policies in the previous 3 years.

### **SUMMARY OF THE RESULTS OF OPERATION**

The following table sets forth select financial data from standalone restated Profit and Loss Accounts for the stub period ended September 30, 2013 and Financial Year ended on March 31, the components of which are also expressed as a percentage of total income for such periods.

(Rs. in Lacs)

Particulars	For the 6 months period ended on 30th September 2013	% of Total Income / Expense	For the Year ended 31st March 2013	% of Total Income / Expense
<b>Revenue from Operation</b>				
Revenue from sale				
Sales of product	4,257.68	98.97%	5,708.95	94.22%
<u>Other operating revenues:</u>				
Job work income	6.01	0.14%	224.68	3.71%
<b>Total Revenue from Operation</b>	<b>4,263.69</b>	<b>99.11%</b>	<b>5,933.63</b>	<b>97.93%</b>
Other Income	38.28	0.89%	125.48	2.07%
<b>Total Income</b>	<b>4,301.97</b>	<b>100.00%</b>	<b>6,059.11</b>	<b>100.00%</b>
<b>EXPENDITURES:</b>				
Cost of material consumed	3,853.41	89.57%	4,659.60	76.90%
Increase / (Decrease) in Inventories	(435.47)	(10.12%)	(165.88)	(2.74%)
Employee Benefits Expenses	173.03	4.02%	229.26	3.78%
Finance Cost	117.39	2.73%	312.66	5.16%
Depreciation & Amortization Expenses	164.81	3.83%	382.80	6.32%
Other Expenses	405.43	9.42%	634.60	10.47%
<b>Total Expenses</b>	<b>4,278.60</b>	<b>99.46%</b>	<b>6,053.05</b>	<b>99.90%</b>
<b>Profit before exceptional and extraordinary items and tax</b>	23.37	0.54%	6.06	0.10%
Exceptional & extra-ordinary items:	-	-	-	-
<b>Profit before tax</b>	23.37	0.54%	6.06	0.10%
Provision for Tax				
- Current Tax	4.45	0.00	3.39	0.00
- Deferred Tax Liability / (Asset)	7.22	0.00	5.13	0.00
-Provision for Mat credit	(0.81)	(0.00)	(3.29)	(0.00)
<b>Restated profit after tax</b>	12.50	0.003	0.83	0.000

### **KEY COMPONENTS OF OUR PROFIT AND LOSS STATEMENT**

**Revenue from operations:** Revenue from operations primarily consists of the sale of products and Job work income. Sale of products includes the sale of Denim Fabrics.

**Other income:** Other income primarily comprises interest income, electricity duty refund and profit on sale of fixed assets.

**Expenses:** Our expenses majorly consist of cost of material and consumed, employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

**Cost of Material Consumed:** Cost of material consumed comprise the cost of raw material and components used in the manufacturing of our products.

**Changes in inventories of finished goods, WIP and stock-in-trade :** Changes in inventories of finished goods, WIP and stock-in-trade consist of the difference between the inventory at the beginning of the period and inventory at the end of the period.

**Employee benefits expense:** Employee benefit expense includes salaries and wages, Company's contribution to Provident Fund and other Employee benefit funds, staff welfare expenses, bonus and performance incentive.

**Finance Costs:** Finance cost comprises interest on indebtedness, bank and other Finance charges.

**Depreciation and amortization expense:** We recognize depreciation and amortization expense on a Written down value method as per the rates set forth in the Companies Act .

**Other expenses:** Other expenses consist primarily of various Manufacturing & other charges like electricity charges, sales promotion expenses, repairs and maintenance expenses, and other, rent, rates and taxes, legal, professional and consultancy charges. Other items in this category include travelling expenses, conveyance expenses, postage and courier charges, communication expenses, auditors' remuneration, insurance charges, vehicle expenses, office expenses, printing and stationery expenses.

### **FINANCIAL PERFORMANCE HIGHLIGHTS FOR THE 6 MONTHS PERIOD ENDED SEPTEMBER 30, 2013**

#### **Revenue from Operation:**

Our Income from operations during the 6 months period ended September 30, 2013 was Rs. 4,263.69 Lacs. The Operating revenue mainly comprised of revenue from sale of product amounting to Rs. 4,257.68 Lacs which was 98.97% of our Total Revenue, revenue from job work amounting to Rs. 6.01 Lacs.

#### **Other Income:**

Other Income of the Company was Rs. 38.28 Lacs which was 0.89% of our Total Revenue. Other income comprised interest income, electricity duty refund, profit on sale of fixed assets & other incomes.

#### **Total Expenses:**

The total expenditure during the 6 months period ended September 30, 2013 was Rs. 4278.60 Lacs. The total expenditure represents 99.46% of the Total Revenue for the period .The total expenses is majorly represented by Cost of material consumed, Employee benefits expense, Finance costs, Depreciation and amortization expense, and other expenses for manufacturing, administrative and selling and distribution. The main constituent of total expenditure is cost of material consumed, which is Rs. 3853.41 Lacs.

#### **Profit After Tax:**

Our restated net profit during the 6 months period was Rs.12.50 Lacs representing 0.003% of the total revenue of our Company. Our provision of current taxes for 6 months period ended September 30, 2013 was Rs. 4.45 Lacs, Provision for deferred tax liability was Rs. 7.22 Lacs and Provision for MAT Credit was Rs. 0.81 Lacs.

### **FINANCIAL PERFORMANCE HIGHLIGHTS FOR THE F.Y. 2012-13**

#### **Revenue from Operation:**

Our Income from operations for F.Y. ended March 31, 2013 was Rs. 5933.63 Lacs. The Operating revenue mainly comprised of revenue from sale of product amounting to Rs. 5708.95 Lacs which was 94.22% of our Total Revenue, revenue from job work amounting to Rs. 224.68 Lacs which was 3.71% of our Total Revenue.

**Other Income:** Other Income of the Company was Rs. 125.48 Lacs which was 2.07% of our Total Revenue. Other income comprised interest income and electricity duty refund.



**Total Expenses:**

The total expenditure for F.Y. ended March 31, 2013 was Rs. 6053.05 Lacs. The total expenditure represents 99.90% of the Total Revenue for the period. The total expenses is majorly represented by Cost of material consumed, Employee benefits expense, Finance costs, Depreciation and amortization expense and other expenses for manufacturing, administrative and selling and distribution. The main constituent of total expenditure is cost of material consumed, which is Rs. 4659.60 Lacs.

**Profit After Tax:**

Our restated net profit for F.Y. ended March 31, 2013 was Rs. 0.83 Lacs representing 0.000% of the total revenue of our Company. Our provision of current taxes for F.Y. ended March 31, 2013 was Rs 3.39 Lacs, Provision for deferred tax liability was Rs. 5.13 Lacs and Provision for MAT Credit was Rs 3.29 Lacs.

**Note:** Our financial year ends on March 31 of each year, so all reference to a particular fiscal year to 12-month period ended on March 31 of that year. The commercial operations of the company started in the financial year 2012-13. Hence it is not feasible to compare the 12 months data for F.Y. 2012-13 with 6 months ended September 30, 2013 or which financial statements have been prepared in the draft prospectus.

**Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI Regulations:** An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

**Unusual or infrequent events or transactions:** There are no unusual or infrequent events or transactions in our Company. The transactions are as per usual business operations.

**Significant economic changes that materially affected or are likely to affect income from continuing operations:** There are no significant economic changes that may materially affect or likely to affect income from continuing operations.

**Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under Section "**Risk Factors**" beginning on page 8 in the Draft Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

**Future changes in relationship between costs and revenues**

Our Company's future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by raw material suppliers.

**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 business.

**Status of any publicly announced New Products or Business Segment**

Our Company has not announced any new product or business segment.

**Seasonality of business**

Our Company's business is not seasonal in nature.

**Dependence on a single or few Customers/ Clients**

The % of contribution of our Company's top 10 customers/clients & top 10 suppliers for the 6 month period ended September 30, 2013 are as follows:

**Our Major Clients for the 6 month period ended September 30, 2013**

Name of the Clients	Value (Rs. in Lacs)	As % of Total Sales
---------------------	---------------------	---------------------

Nikkei Commodities Services Pvt Ltd	629.93	14.80
Aya Singh Rajan Singh	464.12	10.90
Shree Bankey Behari Fabrics Pvt Ltd	455.54	10.70
P.G. Textiles	379.31	8.91
Sri Shyam Fashion Textiles Pvt Ltd	364.17	8.55
Maa Karani Textiles	362.75	8.52
Upvan Syntex Pvt Ltd	349.96	8.22
Prem Prakash Fabrics	302.99	7.12
J.D Textiles	180.95	4.25
Denim Corporation	171.91	4.04
Ankur Denim (P) Ltd	115.25	2.71
<b>Total</b>	<b>3776.87</b>	<b>88.71</b>

**Our Major Suppliers for the 6 month period ended September 30, 2013**

Name of the Supplier	Amount (Rs. in lacs)	% of purchase
Garden Silk Mills Ltd	658.04	16.96
Ahuja Cotspin Pvt Ltd	342.76	8.83
Vibgyor Corporation	306.45	7.90
Rswm Limited	284.21	7.33
Pratibha Syntex Ltd	283.54	7.31
Patidar Cot-Spin Pvt Ltd	280.42	7.23
Narendra Cotton Ginning & Pressing Co. Pvt Ltd	145.07	3.74
Supreme Tex Mart Ltd	112.75	2.91
Bhaskar Industries (P) Ltd	111.06	2.86
Mahima Purespun (A Unit Of Mahima Fibres Pvt Ltd)	109.44	2.82
Bhavna Textiles Pvt Ltd	86.96	2.24
<b>Total</b>	<b>2720.71</b>	<b>70.13</b>

**Competitive conditions**

Competitive conditions are as described under the Chapters "**Industry Overview**" and "**Our Business**" beginning on pages 61 and 68 respectively of the Draft Prospectus.

**Details of material developments after the date of last balance sheet i.e 6 month period ended September 30, 2013**

In the opinion of the Board of our Company, there have not arisen, since the date of the last financial statements included in this Draft Prospectus, any circumstance that materially and adversely affect or is likely to affect our business or profitability or the value of our assets or our ability to pay our liabilities within the next 12 months. There is no subsequent development after the date of the Auditor's Report which we believe is expected to have a material impact on reserves, profits, earning per share and book value of our business, except the following:- Our Company issued Bonus Share comprising of 19,89,452 Equity Shares having face value of Rs.10 each in the ratio of 2 shares for one share held on October 9, 2013, which is made out of capitalization of Share Premium Account.

**SECTION IV: LEGAL AND OTHER INFORMATION****OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENT**

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoter and our Group Entities that would have a material adverse effect on our business.

**PART 1: LITIGATION RELATING TO OUR COMPANY****A. FILED AGAINST OUR COMPANY**

1. Litigation Involving Civil Laws:  
NIL
2. Litigation Involving Criminal Laws.  
NIL
3. Litigation involving Securities and Economic Laws  
NIL
4. Litigation involving Statutory Laws  
NIL
5. Litigation involving Labour Laws  
NIL

**B. CASES FILED BY OUR COMPANY**

1. Litigation involving Civil Laws:  
NIL
2. Litigation Involving Criminal Laws:  
NIL –
3. Litigation Involving Securities and Economic Laws:  
NIL
4. Litigation Involving Statutory Laws:  
NIL
5. Litigation Involving Labour Laws:  
NIL

**C. PAST PENALTIES**

NIL

**PART 2: LITIGATION RELATING TO OUR DIRECTORS****A. LITIGATION AGAINST OUR DIRECTORS**

1. Litigation involving Civil/Statutory Laws  
NIL

- 2. Litigation involving Criminal Laws.  
NIL
- 3. Litigation Involving Economic Offenses.  
NIL
- 4. Litigation involving tax liabilities.  
NIL
  
- B. LITIGATIONS FILED BY OUR DIRECTORS  
NIL
  
- C. PAST PENALTIES  
NIL

**PART 3: LITIGATION RELATING TO OUR PROMOTER**

- A. LITIGATION AGAINST OUR PROMOTERS
  - 1. Litigation involving Civil/Statutory Laws.  
NIL
  - 2. Litigation involving Criminal Laws.  
NIL
  - 3. Litigation Involving Securities and Economic Laws.  
NIL
  
- B. LITIGATION FILED BY OUR PROMOTERS
  - 1. Litigation involving Civil/Statutory Laws.  
NIL
  - 2. Litigation involving Criminal Laws.  
NIL
  - 3. Litigation Involving Securities and Economic Laws.  
NIL
  
- C. PAST PENALTIES  
NIL

**PART 4: LITIGATION RELATING TO OUR GROUP COMPANIES**

- A. LITIGATION AGAINST OUR GROUP COMPANIES
  - 1. Litigation Involving Civil Laws:  
NIL
  - 2. Litigation Involving Criminal Laws.  
NIL
  - 3. Litigation involving Securities and Economic Laws  
NIL

#### 4. Litigation involving Statutory Laws

##### I. Bhagwati Syntex Pvt. Ltd. (“BSPL”)

###### The Income Tax Officer, Ward 1(1), Surat issued an Assessment Order dated October 29, 2009 to BSPL.

The Income Tax Officer Ward 1 (1), Surat issued an Assessment Order dated October 29, 2009 under Section 115WE(3) of the Income-tax Act, 1961 against BSPL inter-alia accepting a fringe benefit value of Rs. 2,35,709/- as disclosed by BSPL in its return, in respect of the assessment year 2007-08. The said authority also inter-alia directed that a demand notice be issued in that regard. The Income Tax Officer Ward 1 (1), Surat also issued to BSPL on October 29, 2009, a show cause notice under Section 274 read with Section 271 of the Income-tax Act, 1961 for concealing the particulars of income or furnishing inaccurate particulars of such income and inter-alia requiring BSPL, to within 10 (ten) days from the receipt of the said notice, show cause why an order imposing penalty against it should not be made under the said Section 271. The Income Tax Officer Ward 1 (1), Surat also issued on October 29, 2009 a notice of demand under Section 156 of the Income-tax Act, 1961 inter-alia recording that for the assessment year 2008-09, a sum of Rs. NIL is payable by BSPL. As per the computation of fringe benefit tax for the said assessment year, the same is Rs. 23,095/- and the balance payable is Rs. 3,616/-. The said balance has been duly paid and hence, this litigation will be closed in the due course.

##### II. Rawatkhedha Processors Private Limited (“RPPL”)

###### Commercial Tax Officer (2) Class 2, Division (12), Surat issued Notice dated January 29, 2013 for audit assessment under Section 34(2) of the Gujarat Value Added Tax Act, 2003 to RPPL.

The Commercial Tax Officer (2) Class 2, Division (12), Surat has issued a notice dated January 29, 2013 for audit assessment under Section 34(2) of the Gujarat Value Added Tax Act, 2003 to RPPL, inter-alia directing RPPL to attend its office on February 25, 2013 and to produce the books of accounts and all evidence on which RPPL has relied on in support of the returns filed by it in respect of the period commencing from April 1, 2010 to March 31, 2011. Thereafter, there is no communication from the authority.

###### Commercial Tax Officer (2) Class 2, Division (12), Surat issued Notice dated January 29, 2013 under rule 9(4) of the Central Sales Tax (Gujrat) Rules, 1970 to RPPL.

The Commercial Tax Officer (2) Class 2, Division (12), Surat has issued a notice dated January 29, 2013 under Rule 9(4) of the Central Sales Tax (Gujarat) Rules, 1970 to RPPL, inter-alia directing RPPL to attend its office on February 25, 2013, to produce any evidence on which RPPL has relied on in support of the returns filed by it in respect of the period commencing from April 1, 2010 to March 31, 2011 as well as books of accounts and to show cause as to why RPPL should not be assessed/reassessed to tax and penalty under Section 9 of Central Sales Tax, 1956 in respect of the aforesaid period. Thereafter, there is no communication from the authority.

###### Assistant Commissioner of Income-tax, Circle – 4, Surat issued Notice under Section 143(2) of the Income-tax Act, 1961 to attend office on September 23, 2013.

The Assistant Commissioner of Income-tax, Circle-4, Surat has issued notice under Section 143(2) of the Income-tax Act, 1961 dated September 23, 2013 to RPPL inter-alia requiring the duly authorized representatives of RPPL to attend its office on September 30, 2013 or to produce at the scheduled time any documents, accounts and any other evidence on which RPPL may rely on support of the returns filed by it in respect of the assessment year 2012-13. RPPL has submitted certain documents. RPPL is awaiting intimation for scrutiny from the concerned authority. The demand outstanding is Rs. 6,140/-.

##### III. Rawatkhedha Silk Mill Private Limited (“RSMPL”)

###### Assistant Commissioner of Income-tax, CPC issued Notice under Section 143(1) of the Income-tax Act, 1961.

The Office of the Assistant Commissioner of Income-tax, CPC has issued notice under Section 143(1) of the Income-tax Act, 1961 with respect to assessment year 2009-10 inter-alia determining a demand of Rs.7,900/-. RSMPL has through its

Chartered Accountant, Pradeep K. Singhi & Associates, addressed to the Income-tax Officer, Ward – 4(1), Surat, a letter dated February 1, 2014 in response to the aforesaid intimation, inter-alia stating that in computing the tax, a rate of 40%, being the rate applicable to foreign companies, has been erroneously applied, whereas 30% is the rate applicable to domestic companies. Further, short term capital gain amounting to Rs. 1,443/- has been considered twice and accordingly, a demand has been erroneously made in respect of the said assessment year. The demand outstanding is Rs. 7,370/-.

#### IV. SPMPL

##### **The Superintendent (Adj. Adc. Power), Central Excise, Customs & Service Tax, Surat issued Notice dated February 12, 2014 to SPMPL.**

The Superintendent (Adj. Adc. Power), Central Excise, Customs & Service Tax, Hdqrs. Surat – I has issued notice dated February 12, 2014 to SPMPL inter-alia fixing a personal hearing on February 25, 2014 and also recording that in case no defence reply is furnished and personal hearing is not availed on the said date, the show cause notice bearing F.No.V(Ch.48)/15-14/ADC/OA/2012-13 dated December 28, 2012, referred to below would be adjudicated upon on the basis of the material available, without any further notice or intimation to SPMPL. This notice stems out of the show cause notice bearing F.No.V(Ch.48)/15-14/ADC/OA/2012-13 dated December 28, 2012 issued by the Additional Commissioner, Central Excise & Customs, Surat – I to SPMPL and various other notices as mentioned therein, inter-alia calling upon SPMPL to show cause as to why (i) the central excise duty, including education cess amounting to Rs. 26,58,710/- should not be demanded and recovered from it under proviso to Section 11A(1) of the Excise Act and since it has already paid the amount, why the same should not be appropriated towards the said demand; (ii) interest should not be demanded and recovered from them under Section 11AB of the Excise Act and since it has already voluntarily paid the interest amounting to Rs.1,78,122/-, why the same should not be appropriated towards the said demand of interest; (iii) penalty should not be imposed upon it under Section 11AC of the Excise Act and since it has already voluntarily paid penalty amounting to Rs. 6,64,678/-, why the same should not be appropriated; and (iv) penalty should not be imposed upon it under Rule 25 of the Central Excise Rules, 2002. Further the said show cause notice also inter-alia calls upon Mr. Naresh Borana, director of SPMPL to show cause as to why penalty should not be imposed upon him under Rule 26 of the Central Excise Rules, 2002. The matter is pending.

#### 5. Litigation involving Labour Laws

##### i. BSPL

##### **The Labour Court issued a notice dated August 14, 2008 with respect to Case No. T.210/05 to BSPL.**

The Labour Court has issued notice dated August 14, 2008 in respect of case number T/210/2005, inter-alia recording that the representatives of BSPL were required to appear before the said Labour Court on August 13, 2008 and since representatives of BSPL failed to appear on the said date, it has directed BSPL to be present in the Labour Court on September 17, 2008, failing which an ex-parte order would be passed. This matter stems out of a complaint/application filed by Mr. Dayanath Bhimsen Tiwari under the Bombay Industrial Relations Act, 1946. The next date in respect of the matter has been fixed for April 16, 2014 for cross examination of witnesses.

##### **Case No. P.W/44/2006 filed by Mr. Abhilash Singh.**

The said case bearing number P.W/44/2006 has been filed by Mr. Abhilash Singh against BSPL under the Payment of Wages Act, 1936 for unpaid wages/salary and the same is pending for order before the concerned authority.

##### **Case Nos. REC/650/2006; REC/309/2010; REC/310/2010; REC/311/2010; REC/312/2010, filed by Mr. Prakash Singh, Mr. Indramani Abhaynarayan, Mr. Puranvasi Bijli Yadav, Mr. Bimlesh Chandrabahadur Singh, Mr. Bablu Ramashre Gupta, respectively against BSPL under Section 33-C(2) of Industrial Dispute Act, 1947.**

Mr. Prakash Singh, Mr. Indramani Abhaynarayan, Mr. Puranvasi Bijli Yadav, Mr. Bimlesh Chandrabahadur Singh, Mr. Bablu Ramashre Gupta, each have filed Case Nos. REC/650/2006; REC/309/2010; REC/310/2010; REC/311/2010; REC/312/2010, respectively, under Section 33-C(2) of Industrial Dispute Act, 1947 inter-alia claiming certain money(s) due to each of them. It has been alleged by BSPL that the said money(s) are neither due nor payable. Case No. REC/650/2006 is pending. Case Nos. REC/309/2010, REC/310/2010, REC/311/2010 and REC/312/2010 are at the stage of written statement to be filed by BSPL. As regards the said four cases, the matters are expected to be settled by April 10, 2014, as discussed before the concerned authority. In case no settlement is arrived as on the said date, BSPL would have to file its written statements and also produce the witnesses along with the documentary evidences.

**B. LITIGATION FILED BY OUR GROUP COMPANIES****1. Litigation involving Civil Laws.**  
NIL**2. Litigation involving Criminal Laws.**  
NIL**3. Litigation Involving Securities and Economic Laws.**  
NIL**4. Litigation Involving Statutory Laws.****i. BSPL**

**Customs Excise and Service Tax Appellate Tribunal (“CESTAT”) has passed an Order bearing No. No. A/1243/WZB/AHD/2011, 5/987/WZB/AHD/11 dated June 27, 2011 remanding the matter back to the Original Adjudicating Authority.**

BSPL has filed an appeal bearing No. 2012/088 dated September 12, 2013 before the Hon'ble High Court of Gujarat inter-alia praying that the re-adjudication proceeding Order-in-Original, which was only verbated earlier, be set aside. Further, BSPL has filed on March 13, 2013 application before the Assistant Commissioner, Central Excise, Division III, Surat – I, for refund of Rs.1,50,000/-, which amount had been originally deposited vide Bank Guarantee dated May 24, 2010. The appeal and application for refund stem out of the fact that the Office of the Assistant Commissioner, Central Excise, Division – III, Surat – I issued show cause notice bearing number F.No. V(Ch-54)3-19/D/Div-III/08 dated June 24, 2008 inter-alia calling upon: (i) BSPL to show cause as to why CENVAT credit of Rs. 4,15,367/- alleged therein to have been wrongly taken and utilized on the basis of fake/bogus manufacturers/dealers/suppliers, should not be recovered from them under the proviso to Section 11A(1) of the Central Excise Act, 1944 (“Excise Act”), read with Rule 12 of the CENVAT Credit Rules, 2002 (“CENVAT Rules”), interest on the said wrongly taken sum should not be recovered from them under Section 11-AB of the Excise Act read with Rule 12 CENVAT Rules and penalty should not be imposed on them under Section 11-AC of the Excise Act read with Rule 13(2) of the CENVAT Rules; (ii) Mr. Anand Kumar Dalmia to show cause as to why penalty should not be imposed upon him under Rule 13(1) of the CENVAT Rules. The said officer has subsequently issued notices dated December 2, 2008 and January 23, 2009 each to BSPL, both inter-alia requesting BSPL to file its defence reply and to be present on December 15, 2008 and February 5, 2009, respectively. The Office of the Superintendent, Central Excise, Range – V, Div – III, Surat – I had also issued to BSPL letters dated April 16, 2008, April 25, 2008, June 3, 2008, February 19, 2009 to inter-alia appear and furnish copies of credit invoices or bring along original CENVAT credit invoices for verification of genuineness of CENVAT credit taken by BSPL on the basis of various invoices issued by certain weavers/suppliers of grey fabrics. Thereafter, the Office of the Superintendent, Central Excise, Range – V, Div – III, Surat – I issued to BSPL and Mr. Anandkumar Dalmia, Director, BSPL, a show cause notice bearing No.F.No.V(Ch.54)3- 77/D/Dn.III/08 dated March 30, 2009 inter-alia calling upon: (i) BSPL to show cause as to why CENVAT credit of Rs. 3, 36,668/- alleged therein to have been wrongly taken and utilized on the basis of fake/bogus manufacturers/dealers/suppliers, should not be recovered from them under the proviso to Section 11A(1) of the Excise Act, read with Rule 12 of the CENVAT Rules, interest on the said wrongly taken sum should not be recovered from them under Section 11-AB of the Excise Act read with Rule 12 CENVAT Rules and penalty should not be imposed on them under Section 11-AC of the Excise Act read with Rule 13(2) of the CENVAT Rules; (ii) Mr. Anand Kumar Dalmia to show cause as to why penalty should not be imposed upon him under Rule 13(1) of the CENVAT Rules. BSPL and Mr. Anand Kumar Dalmia filed a joint reply in or around April 2009 inter-alia requesting the show cause be set aside, in as much as the same does not inter-alia contain any averment as to the commissions or omissions stated in the proviso to Section 11A(1) of the Excise Act and also since the demand of duty is time barred. Subsequently, the Office of the Deputy Commissioner, Central Excise, Surat passed Order-in-Original bearing No. SRT-III/ADJ/29/Dem/2009-10 dated January 22, 2010 (“OIO”) inter-alia (i) confirming the demand of CENVAT Credit of Rs. 3,36,668/- from BSPL under Rule 12 of the CENVAT Rules read with proviso to Section 11(A)(a) of the Excise Act; (ii) imposing penalty equal to the said CENVAT Credit under Rule 13(2) of the CENVAT Rules read with Section 11AC of the Excise Act, provided that if BSPL paid the demanded amount and interest within 30 (thirty) days of communication of the OIO, the penalty be reduced to Rs. 84,167/-, provided further that the reduced penalty is also paid within the said period; (iii) confirming the demand of interest on the CENVAT Credit amount at an appropriate rate under Rule 12 of the CENVAT Rules read with Section 11AB of the Excise Act; and (iv) imposing a penalty of Rs. 20,000/- from Mr. Anand Kumar under Rule 13(1) of the CENVAT Rules. BSPL filed an application for stay along with an appeal to the abovementioned OIO, praying for inter-alia granting a stay on the demand of duty, penalty and interest and for granting a personal hearing. Thereafter, by an Interim Order-in-Appeal (“Interim OIA”) bearing No. F.No.V-2(54)073-074/SRT-I/DivIII/2010 dated April 9, 2010 the Commissioner (Appeals), Central Excise & Customs, Surat -I inter-alia directed BSPL to deposit Rs.1,50,000/- against the liability arising from the final OIA and allowed BSPL the option to

furnish a bank guarantee to this extent. By the OIA, the Commissioner (Appeals), Central Excise & Customs, Surat - I upheld the impugned OIO in terms of a demand of Rs. 2,43,929/- out of the total of Rs.3,36,668/- and the balance set aside. Further, the penalty on BSPL was also reduced to of Rs.2,43,929/-. The appeal of Mr. Anand Kumar Dalmia against the separate penalty against him has been allowed under the OIA. BSPL filed appeal dated September 24, 2010 ("the Appeal") with the Customs Excise and Service Tax Appellate Tribunal ("CESTAT") against Order-in-Appeal bearing No. RKA/441-442/SRT-I/2010 dated August 12, 2010 ("OIA") issued by the Commissioner (Appeals), Central Excise & Customs, Surat –I inter-alia contending that the imposition of penalty is not sustainable in law. The CESTAT has passed an order bearing No. A/1243/WZB/AHD/2011, 5/987/WZB/AHD/11 dated June 27, 2011 dispensing with the condition of BSPL pre-depositing a duty of Rs. 56,071/-, being the balance payable out of the total duty of Rs.2,43,929/- and disposing off the stay application and appeal. The said order also inter-alia records that in respect of the order bearing No. A/55-185/WZB/AHD/2011 dated January 24, 2011, the Tribunal has remanded the matter to the original adjudicating authority to decide the matter afresh.

ii. **Sachin Paper Mills Pvt. Ltd. ("SPMPL")**

**Appeal filed by SPMPL before the Commissioner of Income Tax (Appeals) – II, Surat, in respect of assessment year 2009-10.**

SPMPL has filed an appeal dated July 5, 2012 before the Commissioner of Income Tax (Appeals) – II, Surat, inter-alia stating that penalty of Rs.55,210/- has been erroneously levied against it on ground of addition on account of lower wastage sales as compared to previous year without having any proof of addition. This appeal inter-alia stems out of Assessment Orders under Sections Section 271(1)(c) and 143(3) of the Income-tax Act, 1961 as well a notice of demand. The Income-tax Officer, Ward 4(2), Surat has issued to SPMPL, an Assessment Order dated December 20, 2011, in respect of assessment year 2009-10, inter-alia initiating penalty proceedings stating that the payment of interest of Rs.44,033/- by SPMPL to TML Financial Services Limited, a non-banking financial company shall be disallowed, declaring the taxable income as NIL and also inter-alia directing that a demand notice and a notice under Section 274 read with Section 271(1)(c) of the Income-tax Act, 1961 be issued. Further, the Income-tax Officer Ward – 4(2), Surat passed an order dated June 25, 2012 against SPMPL inter-alia imposing a penalty of Rs. 55,210/- under Section 271(1)(c) of the Income-tax Act, 1961 for furnishing inaccurate particulars of its income and thereby concealing income to the extent of Rs.1,78,672/-. The Income-tax Officer, Ward 4(2), Surat has also issued a notice of demand under Section 156 of the Income-tax Act, 1961 against SPMPL inter-alia stating that Rs. 55,210/- has been determined to be payable by it and that the same shall be paid within 30 days of service of the said notice. The matter is pending.

C. **PAST PENALTIES**

i. **BSPL**

**The Income Tax Officer, Ward 1(1), Surat issued an Assessment Order dated October 29, 2009 to BSPL in respect of assessment year 2007-08.**

An Assessment Order dated October 29, 2009 had been issued under Section 143(3) of Income Tax Act, 1961 by the Income Tax Officer Ward 1 (1), Surat against BSPL inter-alia determining the income of BSPL in respect of the assessment year 2007-08 as NIL by disallowing purchases of Rs. 9,879/- and legal and professional fees expenses of Rs. 30,000/- and initiating penalty proceedings under Section 271(1)(c) read with Section 274 of IT Act on account of BSPL furnishing inaccurate particulars of the income. BSPL did not file any appeal against the AO under Section 143(3) of the IT Act. Thereafter, Penalty Order under Section 271(1)(c) was issued on April 26, 2010 by the Income Tax Officer, Ward 1(1), Surat against BSPL on account of furnishing inaccurate particulars of the income and thereby concealing income to the extent of Rs. 9,879/- and levying a penalty of Rs. 3,325/-, being 100% of the tax sought to be evaded by BSPL. BSPL has paid this penalty.

**PART 5: AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS**

There are no outstanding dues payable to Small scale industries and other creditors amounting to Rs.1,00,000/- or more which are pending for more than 30 (thirty) days from the due date.

**PART 7: MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE, i.e. 6 month period ended September 30, 2013**

In the opinion of the Board of our Company, there have not arisen, since the date of the last financial statements included in this Draft Prospectus, any circumstance that materially and adversely affect or is likely to affect our business or profitability or the value of our assets or our ability to pay our liabilities within the next 12 months. There is no subsequent development after the date of the Auditor's



Report which we believe is expected to have a material impact on reserves, profits, earning per share and book value of our business, except the following:- Our Company issued Bonus Share comprising of 19,89,452 Equity Shares having face value of Rs.10 each in the ratio of 2 shares for one share held on October 9, 2013, which is made out of capitalization of Share Premium Account.

## GOVERNMENT & OTHER APPROVALS

*Our Company has received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for its present business (as applicable on date of this Draft Prospectus) and except as mentioned below, no further approvals are required for carrying on its present business.*

*In view of the approvals listed below, our Company can undertake this Issue and its Current/Proposed Business activities and no further major approvals from any Governmental or Regulatory Authority or any other entity are required to be undertaken in respect of the Issue or continue its present business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for the Company's financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Prospectus.*

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable the Company to carry out its business activities. The following statement sets out the details of licenses, permissions and approvals taken by us under various central and state laws for carrying out business.

**S**

### **I. APPROVALS FOR THE ISSUE**

#### **Corporate Approvals**

1. The Board of Directors have, pursuant to Section 81(1A) of the Companies Act, by a resolution passed at its meeting held on December 5, 2013 authorized the Issue.
2. The shareholders of our Company have, pursuant to Section 81(1A) of the Companies Act, by a special resolution passed in the extra ordinary general meeting held on January 3, 2014, authorized the Issue.

### **II. INCORPORATION AND OTHER DETAILS**

#### **The Company**

1. Certificate of Incorporation dated November 17, 2010 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli ("ROC") in the name of "R&B Denims Private Limited" bearing Corporate Identity Number (CIN) U17120GJ2010PTC062949.
2. Fresh Certificate of Incorporation dated March 8, 2011 issued by the ROC consequent upon change of name from "R&B Denims Private Limited" to "R&B Denims Limited" bearing CIN U17120GJ2010PLC062949.
3. The Corporate Identity Number (CIN) of the Company is U17120GJ2010PLC062949.

### **III. TAX RELATED APPROVALS/LICENSES/REGISTRATIONS**

The Company has in place the following categories of approvals from various tax authorities viz. Income-tax Department, Sales tax Department of various States in India, etc.

<b>i. General</b>					
<b>S. No.</b>	<b>Description</b>	<b>Authority</b>	<b>Particulars</b>	<b>Date of Certificate</b>	<b>Date of Expiry</b>
1.	Permanent Account Number (PAN)	The Income Tax Department, Government of India.	AAFRC0142Q	November 17, 2010	Valid until cancelled
2.	Tax Deduction and Collection Account Number (TAN)*	The Income Tax Department, Government of India.	SRTR04534F	-	Valid until cancelled

ii. Value Added Tax					
S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry
1.	Certificate of Registration under Gujarat Value Added Tax Act, 2003	Assistant Commissioner, Commercial Tax Department, Surat	i. Registration No.: <u>24223901473</u> ; ii. Date of Effect: May 7, 2011; iii. Nature of Business: Manufacturer/Importer/Exporter.	June 20, 2011	Valid from May 7, 2011 until cancelled

iii. Central Sales Tax					
S. No.	Description	Authority	Registration No.	Date of Certificate	Date of Expiry
1.	Certificate of Registration.	Assistant Commissioner of Commercial Tax, Unit-12, Surat	24723901473	June 20, 2011	Valid from May 23, 2011 until cancelled

iv. Central Excise Duty					
S. No.	Description	Authority	Registration No.	Date of Certificate	Date of Expiry
1.	Central Excise Registration Certificate	Assistant Commissioner Central Excise Div- V, Surat - I	AAFRCR0142QEM001	December 26, 2012	Valid until the Company carries on the activity for which it has been issued the Registration Certificate or till it surrenders it or till it is revoked or suspended.

v. Service tax					
S. No.	Description	Authority	Registration No.	Date of Certificate	Date of Expiry
1.	Form ST-2 – Service Registration Certificate	Commissioner of Customs – Central Excise, Surat – I, Central Board of Excise and Customs	AAFRCR01422QSD001	February 28, 2014	Valid until cancelled

vi. Professional tax					
S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry
1.	Professional Tax Registration Certificate	The Taluka Development Officer	Certificate of Registration No. 24/22/11/0/104/001/2014	January 2, 2014	Valid until cancelled
2.	Professional Tax - Certificate of Enrolment	The Taluka Development Officer	Certificate of Registration No. 24/22/11/0/104/001/2014	January 2, 2014	Valid until cancelled

IV. IMPORT- EXPORT RELATED APPROVALS

vii. Importer-Exporter Code					
S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry
1.	Certificate of Importer-Exporter Code (IEC)	Joint Director General of Foreign Trade, Ministry of Commerce And Industry, Surat	IEC Number: <u>5210033007</u> ; Date of Issue: February 4, 2011.	April 21, 2011	Valid until cancelled
2.	Import/Export License	Directorate General of Foreign Trade, Government of India	i. License No.:5230012103/2/12/00; ii. Category of License: Zero duty (EPCG Scheme); iii. Class of Importer: Manufacturer Exporter; iv. Export Product/End Product/Export Product Group: Textile – General; v. Export Period: 6 (six) years; vi. The license is non-transferable; vii. Export Obligation: Denim Fabrics and Synthetic Fabrics worth USD 29,676.45 within a period of 6 years from the date of issue of authorization, additional export obligation of USD 23,42,89,664.	July 5, 2013	Licensing Period: April 1, 2013 to March 31, 2014
3.	Import/Export License	Directorate General of Foreign Trade, Government of India	i. License No: <u>5230011995/2/12/00</u> ; ii. Category of License: Zero duty (EPCG Scheme); iii. Class of Importer: Manufacturer Exporter; iv. Export Product/End Product/Export Product Group: Textile – General; v. Export Period: 6 (six) years; vi. The license is non-transferable; vii. Export Obligation: Denim Fabrics and Synthetic Fabrics worth USD 1,63,159.63 within a period of 6 (six) years from the date of issue of authorization, additional export obligation of USD 23,42,89,664.	June 24, 2013	Licensing Period: April 1, 2013 to March 31, 2014
4.	Import/Export License	Directorate General of Foreign Trade, Government of India	i. License No: <u>5230011874/2/12/00</u> ; ii. Category of License: Zero duty (EPCG Scheme); iii. Class of Importer: Manufacturer Exporter; iv. Export Product/End	June 5, 2013	Licensing Period: April 1, 2013 to March 31, 2014

			<ul style="list-style-type: none"> <li>v. Product/Export Product Group: Textile – General; Export Period: 6 (six) years;</li> <li>vi. The license is non-transferable;</li> <li>vii. Export Obligation: Denim Fabrics worth USD 13,78,822.56 within a period of 6 years from the date of issue of authorization, additional export obligation of USD 34,23,55,424.</li> </ul>		
5.	Import/Export License	Directorate General of Foreign Trade, Government of India	<ul style="list-style-type: none"> <li>i. License No: <u>5230011624/2/12/00</u>;</li> <li>ii. Category of License: Zero duty (EPCG Scheme);</li> <li>iii. Class of Importer: Manufacturer Exporter;</li> <li>iv. Export Product/End Product/Export Product Group: Textile – General;</li> <li>v. Export Period: 6 (six) years;</li> <li>vi. The license is non-transferable;</li> <li>vii. Export Obligation: Denim Fabrics and Made Ups and Synthetic Fabrics worth USD 19,66,619.83 within a period of 6 years from the date of issue of authorization, additional export obligation of USD 23,42,89,664.</li> </ul>	May 6, 2013	Licensing Period: April 1, 2014 to March 31, 2014;
6.	Import/Export License*	Directorate General of Foreign Trade, Government of India	<ul style="list-style-type: none"> <li>i. License No: <u>5230011317/2/11/00</u>;</li> <li>ii. Category of License: EPCG Concessional Duty 03%;</li> <li>iii. Class of Importer: Manufacturer Exporter;</li> <li>iv. Export Product/End Product/Export Product Group: Textile – General;</li> <li>v. Export Period: 8 (eight) years;</li> <li>vi. The license is non-transferable.</li> </ul>	March 7, 2013	Licensing Period: April 1, 2012 to March 31, 2013
7.	Import/Export License*	Directorate General of Foreign Trade, Government of India	<ul style="list-style-type: none"> <li>i. License No: <u>5230010092/2/11/00</u>;</li> <li>ii. Category of License: EPCG Concessional Duty 03%;</li> <li>iii. Class of Importer: Manufacturer Exporter;</li> <li>iv. Export Product/End Product/Export Product Group: Textile – General;</li> <li>v. Export Period: 8 (eight)</li> </ul>	March 1, 2012	Licensing Period: April 1, 2011 to March 31, 2012

			vi. years; The license is non-transferable.		
8.	Import/Export License*	Directorate General of Foreign Trade, Government of India	i. License No:5230009150/2/11/00; ii. Category of License: EPCG Concessional Duty 03%; iii. Class of Importer: Manufacturer Exporter; iv. Export Product/End Product/Export Product Group: Textile – General; v. Export Period: 8 (eight) years; vi. The license is non-transferable.	July 6, 2011	Licensing Period: April 1, 2011 to March 31, 2012
9.	Import/Export License*	Directorate General of Foreign Trade, Government of India	i. License No: 5230009796/2/11/00; ii. Category of License: EPCG Concessional Duty 03%; iii. Class of Importer: Manufacturer Exporter; iv. Export Product/End Product/Export Product Group: Textile – General; v. Export Period: 8 (eight) years; vi. The license is non-transferable.	November 29, 2011	Licensing Period: April 1, 2011 to March 31, 2012

\* The said Import/Export Licenses are no longer valid. However, export obligations under the same are pending.

#### V. LABOUR RELATED APPROVALS/REGISTRATIONS

The Company has obtained the following approvals related to Labour/employment related registrations:

S. No.	Registration	Authority	Code No.	Date of Issue
1.	Employees' Provident Fund Code	Assistant Provident Fund Commissioner, Regional Office, Surat	GJ/SRT/39712	May 18, 2012
2.	Employees' State Insurance Code	Assistant/Deputy Director, Employees' State Insurance Corporation, Sub-Regional Office Employees' State Insurance Corporation, Surat	39000512220000108	June 26, 2012

#### VI. ENVIRONMENT RELATED APPROVALS

S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry
1.	Consent To Establish (NOC) under Section 25 of the Water Act, 1974 and Section 21 of the Air Act, 1981(CTE_46670)* (CTE)	Environmental Engineer, Gujrat Pollution Control Board ("GPCB"), Gandhinagar	i. Purpose: Setting up of industrial plant/activities at Company's Palsana Unit for manufacturing/weaving of grey fabrics up to a capacity of	May 15, 2012	February 15, 2017

S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry
			<p>7,00,000 meters per month, viz. 84,00,000 meters per annum.</p> <p>ii. CTE is subject to the Company maintaining zero discharge of effluent.</p>		
2.	Consolidated Consent and Authorization	Environmental Engineer, GPCB, Gandhinagar	<p>a. Consent Order No.: AWII-49050 issued on August 27, 2012 for use of outlet for the discharge of treated effluent, air emission and to operate industrial plant for manufacturing/weaving of grey fabrics up to a capacity of 7,00,000 meters per month, viz. 84,00,000 meters per annum.</p> <p>b. Authorization bearing No. AWH-49050 issued on August 27, 2012 to operate a facility within the Company's Palsana Unit for collection, storage, transportation and ultimate disposal of hazardous waste.</p>	September 10, 2012	The Consent and Authorization are both valid up to May 29, 2017

#### VII. ELECTRICITY SUPPLY

S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry
1.	Permission to energize Electrical Installation	Office of the Electrical Inspector, Valsad	Permission to energize electrical installation comprising of 1X 250 KVA stand by D.G. set as per Regulation 32 of the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 granted.	August 8, 2013	-
2.	Permission to energize Electrical Installation	Office of the Electrical Inspector, Valsad	Permission to energize electrical installation of 1x1500 KVA transformer as per Regulation 43 of the	August 8, 2013	-

S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry
			Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 granted.		

- Our Company has entered into an Agreement dated January 3, 2012 with DGVCL for supply of 1000 KVA H.T. power to the Company's unit at Palsana ("the Agreement") for the purposes of textile industries thereat, in consideration for the Company paying to DGVCL every month, charges including minimum charges as per DGVCL's tariff schedule, in force from time to time, for the electrical energy consumed by the former in the previous month. The period of supply is a minimum period of 2 years from the first day of the month next to the date of commencement of supply, viz. March 30, 2012.
- Our Company has entered into an Agreement dated March 26, 2013 with DGVCL for supply of additional 1000 KVA (1000 to 2000 KVA) H.T. power to the Company's unit at Palsana, in consideration for the Company paying to DGVCL every month, charges including minimum charges as per DGVCL's tariff schedule, in force from time to time, for the electrical energy consumed by the former in the previous month. The period of supply is a minimum period of 2 years from the first day of the month next to the date of commencement of supply, viz. March 30, 2012. The main terms and conditions of this agreement and the Agreement dated January 3, 2012 for supply of the original 1000 KVA electrical energy are the same.

#### VIII. BOILER REGISTRATION

S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry
1.	Certificate for the Use of a Boiler	Gujarat Boiler Inspection Department	i. Registration No. of Boiler: GT: 6297; ii. Boiler Rating: 2740.0 sq. mtrs.; iii. Type of Boiler: Smoke Cum Water Tube; iv. Owner: the Company; v. Period for which use is permitted: April 9, 2013 to April 8, 2014.	November 21, 2013	April 8, 2014

#### IX. BUSINESS RELATED APPROVALS

The Company has obtained the following approvals related to Business related registrations:


S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry
1.	Registration-cum-Membership Certificate of Synthetic & Rayon Textiles Export Promotion Council	Director and Secretary, Synthetic & Rayon Textiles Export Promotion Council	i. Registration No.: SR/MFG/9426/2012-13; ii. Description of goods for which Registered: Synthetic and Rayon Textile Items; iii. The Company has been registered as Manufacturer-Exporter.	February 27, 2013	March 31, 2018



S. No.	Description	Authority	Particulars	Date of Certificate	Date of Expiry

#### X. APPROVALS RELATING TO INTELLECTUAL PROPERTY

##### COPYRIGHTS

S. No.	Work	Particulars of Work	Registration No.	Applicant and Nature of the Applicant's Interest in the Copyright of the Work	Name of Author	Brief Particulars	Date of Extract from Register of Copyrights
1		Class and description of Work: Artistic Work  Title of Work: R & B Denims	A-107029/2013	The Company Owner	Mr. Amit Dalmia, Director of the Company	The work was first published in 2010 in India by the Company. It was subsequently published in 2013 in India by the Company.	October 22, 2013

#### XI. PENDING APPROVALS




##### A. License to work a Factory under Factories Act, 1948:

The Company had in relation to its factory situate at Plot No. 467, Sachin Palsana Road, Palsana – 394-315, Taluka Palsana, District Surat, obtained the License to work a Factory under Factories Act, 1948 issued to it on April 12, 2013, bearing license number 17225 and registration number 3089/17118/2012, which expired on December 31, 2013. The Company has filed an application for renewed license and the same is awaited.

##### B. Approval of Specifications for CTPT Unit of 0.2s Accuracy Class for the Purpose of Power Purchase Under Open Access

The Company has applied for approval of specifications for CTPT unit of 0.2s accuracy Class for the purpose of power purchase under open access. The Company's contracted demand is 2000 KVA at 22KV supply voltage. Accordingly, DGVCL has requested the Company to submit certain specifications, as particularized therein. The Company expects to comply with the said requirement upon shifting from 22 KV to 11 KV power supply.

C. TRADEMARKS

S. No.	Particulars of Mark	Word/Label Mark	Applicant	Date of Filing	Application No.	Class	Status
1.		Label	The Company	August 23, 2011	2193842	24	Advertised Before Acceptance
2.		Label	The Company	August 23, 2011	2193843	25	Advertised Before Acceptance
3.		Label	The Company	August 23, 2011	2193844	35	Advertised Before Acceptance

## **SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Issue has been authorised by a resolution of the Board dated December 05, 2013. The shareholders have authorised the Issue by a special resolution passed pursuant to section 81(1A) of the Companies Act at the EGM of our Company held on January 03, 2014.

Our Company has obtained in-principle approval from the SME Platform of BSE for using its name in the Prospectus pursuant to letter dated [●]. BSE is the Designated Stock Exchange.

### **Prohibition by SEBI or other Governmental Authorities**

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.

Our Company, our Promoters, our Promoter Group, our Directors have not been debarred from accessing or operating in the capital market by the Board (SEBI) or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused by any of the stock exchanges in India.

Neither of our Promoters, Promoter Group, Directors has ever been part of Promoters, Promoter Group, Directors of any other Company which is debarred from accessing the capital market under any order or directions made by the Board (SEBI) or any other regulatory or governmental authority.

None of our Directors are in any manner associated with the securities market and there has been no action taken by SEBI against our Directors or any entity in which our Directors are involved as promoters or directors.

### **Prohibition by RBI**

Neither our Company, our Promoters, our Promoter Group, our Group Companies, relatives of our Promoters (as defined under the Companies Act), our Directors and companies with which our Directors are associated as directors or promoters have not been declared as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

### **Association with Securities Market**

We confirm that none of our Directors are associated with the Securities Market in any manner except for trading on day to day basis for the purpose of investment.

### **Eligibility for the Issue**

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations; and this Issue is an "Initial Public Offer" in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up capital is more than Rs. 10 crores and upto Rs. 25 crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE)..

We confirm that:

- a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this issue is hundred percent underwritten and that the Lead Manager to the Issue Shall underwrite minimum 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to "**General Information – Underwriting**" on page 31 of this Draft Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, that the total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under the Companies Act, 2013.

- c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Draft of this Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits a copy of the Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we hereby confirm that have entered into an agreement with the Lead Manager and a Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of Equity Shares on the SME Platform of BSE. For further details of the arrangement of market making please refer to “**General Information – Details of the Market Making Arrangements for this Issue**” on page 31 of this Draft Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

Our Company is also eligible for the Issue in accordance with eligibility norms for Listing on SME Exchange / Platform BSE circular dated April 19, 2012, which states as follows:

1. Net Tangible Assets of at least Rs. 1 Crores as per the latest audited financial results (as restated)
2. Net worth (excluding revaluation reserves) of at least Rs. 1 Crore as per the latest audited financial results (as restated)
3. Track record of distributable profits in terms of Section 205 of Companies Act, 1956 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least Rs. 3 Crores.
4. The post-issue paid up capital of our Company shall be at least Rs. 1 Crore. As detailed in Chapter Capital Structure of this Draft Prospectus, our Company will have a post issue capital of over Rs. 1 Crore.
5. Our Company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.-The Company/The Registrar to the Issue has entered into such agreements with the Central Depository Services Limited (CDSL) and the National Securities Depository Limited (NSDL) on January 31, 2014 and February 07, 2014 respectively.
6. Our Company shall mandatorily have a website - The Company has a website viz. <http://www.rnbdenims.com>
7. Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
8. There is no winding up petition against our Company that has been accepted by a Court.

Particulars	As at (Rs in Lacs)			
	30-Sept-13	March,2013	March,2012	March,2011
Net Tangible Assets**	2476.94	1914.45	1288.60	495.24
Net Worth#	2476.94	1864.43	1288.60	3.35
Distributable Profits*	12.50	0.83	(3.45)	(3.85)

\*\*Net Tangible assets are defined as the sum of all net assets of the Company, excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India. As is evident, our Company has Net Tangible Assets of over Rs. 1 Crore.

#Net worth includes Share Capital and Reserves (excluding revaluation reserves) Less Miscellaneous Expenditure not written off, if any. & Debit Balance of Profit and Loss Account not wrote off, if any. As is evident, our Company has a Net Worth of over Rs.1 Crore.

\*Distributable Profit has been calculated as per Sec 205 of Companies Act 1956.

We confirm that we are in compliance with all the above requirements / conditions so as to be eligible to be listed on the SME Platform of the BSE.

**DISCLOSURE**

Neither the Company nor its Promoters, Group Companies, Relatives (as defined under Companies Act, 1956) of Promoters and Group Companies have been identified as willful defaulters by the Reserve Bank of India or any other Authority.

**DISCLAIMER CLAUSE OF SEBI**

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 TIME BEING . THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER, HEM SECURITIES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER 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 [●] .

“WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
  - A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - C. THE DISCLOSURES MADE IN THE DRAFT 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, APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER (NOT APPLICABLE) 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 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - - NOT APPLICABLE, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. -NOTED FOR COMPLIANCE
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR NO.CIR/CFD/DIL/5/2011 DATED SEPTEMBER 27, 2011
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED,IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN FINANCIAL STATEMENT OF COMPANY INCLUDED IN THE DRAFT PROSPECTUS.

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.
4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE OFFER DOCUMENT- NOT APPLICABLE
6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.

THE FILING OF THIS DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34, SECTION 35, SECTION 36 OR SECTION 38 (1) OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND / OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

## Statement on Price Information of Past Issues handled by Hem Securities Limited:

Sr. No.	Issuer Name	Issue size (Rs. in cr.)	Issue price (Rs.)	Listing Date	Opening price on listing date (Rs.)	Closing price on listing date (Rs.)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day (Rs.)	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing day (Rs.)	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day (Rs.)	Benchmark index as on 30th calendar days from listing day (Closing)
1.	Shekhawati Poly-Yarn Ltd.	36.00	30	12-1-2011	32.50	47.50	58.33	19,534.10	24.00	19,151.28	25.45	18,022.22	24.30	17,728.61
2.	Tijaria Polypipes Ltd.	60.00	60	14-10-2011	62.00	18.10	(69.83)	17,082.69	15.05	16,939.28	11.97	17,481.93	16.28	17,118.74
3.	Samruddhi Realty Ltd.	2.60	12	12-04-2013	13.00	13.65	13.75	18,242.56	17.25	19,169.83	22.60	19,735.77	22.90	19,691.67
4.	Captain Polyplast Ltd.	5.94	30	11.12.2013	33.00	34.65	15.50	21,171.41	36.00	21,101.03	35.00	21,170.68	41.50	20,758.49
5.	Tentiwal Wire Products Ltd.	2.12	13	31.12.2013	12.50	11.90	(8.46)	21,170.68	10.75	20,758.49	11.50	21,205.05	10.30	20,498.25

Financial Year	Total no. of IPOs	Total Funds raised (Rs. in cr.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2013-14	3	10.66	-	-	1	-	-	2	-	-	1	1	1	-
2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011-12	1	60.00	1	-	-	-	-	-	1	-	-	-	-	-
2010-11	1	36.00	-	-	-	1	-	-	-	-	1	-	-	-
2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note:

- a) In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, the share price and benchmark index is taken for the immediately following working day.  
b) BSE SENSEX has been considered as the benchmark index.

**Caution - Disclaimer from our Company and the Lead Manager**

Our Company, our Directors, and the Lead Manager accept no responsibility for statements made otherwise than in the Draft Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site <http://www.rmbdenims.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 MOU entered into between the Lead Manager Hem Securities Limited and our Company dated February 28, 2014, and the Underwriting Agreement dated February 28, 2014 entered



into between the Underwriters (Hem Securities Limited) and our Company and the Market Making Agreement dated February 28, 2014 entered into among the Market Maker and our Company.

All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere.

**Note:**

Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

**Disclaimer in respect of Jurisdiction**

This Issue is being made in India to Persons resident in India (including Indian nationals resident in India), who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in section 4A of the Companies Act, state industrial development corporations, Venture Capital Funds (VCFs) registered with SEBI, Insurance Companies registered with Insurance and Regulatory Development Authority, Provident Funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs, and to permitted non residents including FIIs, eligible NRIs, multilateral and bilateral development financial institutions, foreign venture capital investors registered with SEBI and eligible foreign investors provided they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. The Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any Person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any Person into whose possession the Draft Prospectus is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Surat, Gujarat, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**Disclaimer Clause under Rule 144a of the U.S. Securities Act**

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S 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 will be offered and sold outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

## **Filing**

A copy of this Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Regulation 106(M) (3). However, a copy of the Prospectus shall be filed with SEBI at the Regional office, SEBI Western Regional Office, Unit No; 002., Ground Floor, Sacra I, Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahemdabad - 380 009

A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the ROC situated at Registrar of Companies, Gujarat, and Dadra & Nagar Havelli. ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013, Gujarat, India.

## **Disclaimer Clause of the SME Platform of BSE**

BSE Limited (“BSE”) has given vide its letter dated [●], permission to this Company to use its name in this offer document as one of the stock exchanges on which this company’ s securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter for granting the aforesaid permission to this company. BSE does not in any manner:-

Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or Warrant that this company’s securities will be listed or will continue to be listed on BSE; or Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of 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.

## **Listing**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In- Principle approval of the SME Platform of BSE. However, application shall be made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest at the rate of 15% per annum on application money, as prescribed under Section 39 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

## **Impersonation**

### **Any person who:**

Makes or abets making of an application in a fictitious name, to the Company for acquiring or subscribing for, any shares therein, or

Makes or abets making of multiple applications to the Company in different names or in combination of his name or surname for acquiring or subscribing for its securities; or

Otherwise induces directly or indirectly to the Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.

Any such person as described above shall also be liable to action under Section 447 of the Companies Act, 2013.

## **Consents**

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary & Compliance Officer, Asst. Financial Controller, the Statutory Auditors, the Peer Review Auditors, the Banker(s) to the Company; and (b) Lead Manager, Registrar to the Issue, Banker(s) to the Issue, Legal Advisor to the Issue, Underwriters and Market Maker to the Issue to act in their respective capacities have been

obtained and shall be filed along with a copy of the Prospectus with the ROC, Section 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s.Pradeep Singhi & Associates , Chartered Accountants, Statutory Auditor & Peer Review Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated February 28, 2014 on restated financial statements and Statement of Possible Tax Benefits dated February 28, 2014 relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this Draft Prospectus/ Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of the Draft Prospectus.

### **Experts Opinion**

Except the report of the Statutory Auditor on statement of tax benefits dated February 28, 2014 and Peer Review Auditors in relation to the Re-stated Auditors report dated February 28, 2014 included in this Draft Prospectus, our Company has not obtained any other expert Opinion.

### **Expenses of the Issue**

The total expenses of the Issue are estimated to be approximately Rs.41.00 Lacs. The expenses of this Issue include, among others, underwriting and management fees, SCSB's commission/fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. All expenses with respect to the Issue would be paid by our Company.

### **The Estimated Issue expenses are as under:**

Activity	Expenses (Rs in Lakhs)
Payment to Merchant Banker including Underwriting and Selling Commissions, Brokerages, Payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses*	33.50
Printing and Stationery and Postage Expenses	2.50
Advertising and Marketing expenses	2.00
Regulatory fees and expenses	3.00
<b>Total Estimated Issue Expenses</b>	<b>41.00</b>

### **Fees Payable to the Lead Manager**

The total fees payable to the Lead Manager will be as per the (i) Memorandum of Understanding dated February 28, 2014 with the Lead Manager Hem Securities Limited, (ii) the Underwriting Agreement dated February 28, 2014 with Underwriter Hem Securities Limited and (iii) the Market Making Agreement dated February 28, 2014 with Market Maker Hem Securities Limited, a copy of which is available for inspection at our Registered Office.

### **Fees Payable to the Registrar to the Issue**

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MoU between our Company and the Registrar to the Issue dated August 23,2013.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

### **Underwriting commission, brokerage and selling commission on Previous Issues**

Since this is the Initial Public Offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our incorporation.

### **Previous Rights and Public Issues**

We have not made any previous rights and public issues in India or abroad in the five years preceding the date of the Draft Prospectus.

### **Previous issues of shares otherwise than for cash**

Except as stated in the chapter titled “**Capital Structure**” beginning on page 34 of the Draft Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

### **Companies under the same management**

Except as stated in the section titled “**Our Promoter and “Our Promoter Group and Group Companies / Entities**” beginning on page 101 and 105 respectively of this Draft Prospectus, there are no companies under the same management within the meaning of former section 370 (1B) of the Companies Act. No Company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years and hence there are no pending investor grievances.

### **Promise vis-à-vis objects – Public/ Rights Issue of Our Company and/ or listed group companies, subsidiaries and associates of our Company**

Our Company and Promoter Group have not made any previous rights and public issues.

### **Outstanding Debentures, Bond Issues, or Preference Shares**

Our Company does not have any outstanding debentures, bonds or preference shares as of the date of the Draft Prospectus.

### **Stock Market Data for our Equity Shares**

This being an Initial Public Offering of our Company, the Equity Shares of our Company are not listed on any stock exchanges.

### **Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least three years 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.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Applicants.

Our Board by a resolution dated January 15, 2014 constituted a Shareholders/Investors Grievance Committee. The composition of the Shareholders/Investors Grievance Committee is as follows:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Girish Kumar Kalawatia	Chairman	Non Executive-Independent Director
Mr. Kapil Hemantkumar Hojiwala	Member	Non Executive-Independent Director
Mr. Amitkumar Dalmia	Member	Non Executive-Independent Director

For further details, see section titled “**Our Management**” beginning on page 89 of this Draft Prospectus. We have also appointed Mr. Pradip Dave as the Compliance Officer for this Issue and he may be contacted at the Registered Office of the Company. His contact details are as follows:

Mr. Pradip Dave

**Company Secretary & Compliance Officer**

Block No. 467, Sachin Palsana Road,

Palsana, Surat-394315, Gujarat, India

Website: <http://www.rnbdenims.com>

Email: [compliance@rnbdenims.com](mailto:compliance@rnbdenims.com)

Tel. No. +91-9601281648, Fax No+91- 261- 2321672

Investors can contact the Compliance Officer or the Registrar to the Issue or the Lead Manager in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders

**Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

**Change in Auditors**

Except as mentioned below there has been no change in the statutory auditors of our Company for the last three years from the date of this Draft Prospectus.

1. M/s. Pradeep K. Singhi & Associates, Chartered Accountants, were appointed as our Statutory Auditor in place of M/s. SBMG & Co, Chartered Accountants, with the approval of our members at our Annual General Meeting held on September 30, 2013.
2. M/s. Pradeep Singhi & Associates, Chartered Accountants, were appointed as our Statutory Auditor in place of M/s. Pradeep K. Singhi & Associates Chartered Accountants, with the approval of our members at our Extra Ordinary General Meeting held on January 03, 2014.

**Capitalisation of Reserves or Profits**

Our Company has not capitalised our reserves or profits during the last five years, except as stated in the chapter titled “**Capital Structure**” beginning on page 34 of the Draft Prospectus.

**Revaluation of Assets**

Our Company has not revalued its assets in the last Five years.

**Purchase of Property**

Other than as disclosed in “**Our Business**” Section on page 68 of the Draft Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of the Draft Prospectus, other than property, in respect of which:

The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or the amount of the purchase money is not material.

Except as stated elsewhere in the Draft Prospectus, our Company has not purchased any property in which the Promoter and/or Directors have any direct or indirect interest in any payment made thereunder.

**Servicing Behavior**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.



**Payment or benefit to officers of Our Company**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

**Except as disclosed in chapter titled “Related Party Transactions” beginning on page 144 of the Draft Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of Our Company.**

## SECTION VIII – ISSUE RELATED INFORMATION

### 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 Draft Prospectus, Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note the Listing Agreement to be entered into with the SME Exchange 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 December 05, 2013 and was approved by the Shareholders of the Company by passing Special Resolution at the Extra Ordinary General Meeting held on January 03, 2014 in accordance with the provisions of Section 81(1A) of the Companies Act, 1956.

#### Ranking of Equity Shares

The Equity Shares being offered / issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please refer to "**Main Provisions of the Articles of Association of the Company**" on page 213 of this Draft Prospectus.

#### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act, the Articles of Association, the provision of the SME Listing Agreement 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. For further details, please refer to "**Dividend Policy**" on page 118 of this Draft Prospectus.

#### Face Value and Issue Price

The Equity Shares having a Face Value of Rs. 10 each are being offered in terms of this Draft Prospectus at the Issue price of Rs. 10 per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled "**Basis for Issue Price**" on page 50 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of the Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the SME Listing Agreement 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 of the Company**" beginning on page 213 of this Draft Prospectus.

**Minimum Application Value, Market Lot and Trading Lot**

As per the provisions of the Depositories Act, 1996 and Section 29 of the Companies Act, 2013 the Equity Shares to be allotted must be in dematerialised form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in dematerialised form only.

The trading of the Equity Shares will happen in the minimum contract size of 10,000 Equity Shares and the same may be modified by the SME Platform of BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 10,000 Equity Shares subject to a minimum allotment of 10,000 Equity Shares to the successful applicants.

**Minimum Number of Allottees**

The minimum number of allottee in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 15 days of closure of issue.

**Joint Holders**

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

**Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, 1956 the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, and 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, 1956 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, 1956 any Person who becomes a nominee by virtue of Section 109A of the Companies Act, 1956 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 of Equity Shares in the Issue is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

**Period of Operation of Subscription List of Public Issue**

<b>ISSUE OPENS ON</b>	[●]
<b>ISSUE CLOSES ON</b>	[●]



### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten and the details of the same have been disclosed on page 31 of this Draft Prospectus.

Since this Issue is 100% underwritten it is not restricted to any minimum subscription level. If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under the Companies Act.

In accordance with Regulation 106 P (1) of the SEBI (ICDR) Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the offer through the Draft Prospectus and shall not be restricted to the minimum subscription level.

Further, in accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty) and the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.

### **Arrangements for disposal of odd lots**

The trading of the Equity Shares will happen in the minimum contract size of 10,000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Exchange. 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 of the Company**" on page 213 of this Draft Prospectus.

### **Option to receive Equity Shares in Dematerialized Form**

The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in dematerialized form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Exchange.

### **Migration to Main Board**

Our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

If the Paid up Capital of the Company is likely to increase above Rs. 25 Crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the Company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

If the Company satisfy the eligibility criteria as specified in 26(1) of SEBI (ICDR) Regulations, 2009 either at the time of initial listing on SME platform or at the time of seeking migration to Main Board. However, same will not be applicable where the Company had sought listing on SME platform by following the process and requirements prescribed in 26(2) (a) of SEBI (ICDR) Regulations, 2009.

### **Market Making**

The shares offered through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Exchange for a minimum period of three years from the date of listing on the SME Platform of BSE. For further details of the agreement entered into between the Companies, the Lead Manager and the Market Maker please refer to "**General Information - Details of the Market Making Arrangements for this Issue**" on page 31 of this Draft Prospectus.

In accordance with the SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012; it has decided to make applicable limits on the upper side for the Market Makers during market making process taking into consideration the Issue size in the following manner:

Issue size	Buy quote exemption threshold (including mandatory initial inventory of 5% of issue size)	Re-entry threshold for buy quotes (including mandatory initial inventory of 5% of issue size)
Upto Rs. 20 Crore, as applicable in our case	25%	24%

Further, the Market Maker shall give two way quotes till it reaches the upper limit threshold; thereafter it has the option to give only sell quotes. Two way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.

In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

### Underwriting Agreement

Underwriting Agreement dated February 28, 2014 has been entered into between our Company, the LM and the Underwriter, who is also the Market Maker in this Issue. This issue is 100% underwritten. However, it may be noted that with regard to the Market Maker Reservation Portion, it is compulsory that the Market Maker i.e. the LM subscribes to the specific portion of the Issue set aside as “**Market Maker Reservation Portion**” as it needs to be subscribed in its OWN account in order to claim compliance with the requirements of Regulation 106 V (4) of the SEBI (ICDR) Regulations, 2009, as amended. Accordingly, the LM shall ensure that its portion of equity shares is subscribed in its OWN account prior to the closure of the Issue.

### New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

### Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013 our Company shall, after registering the Prospectus with the ROC publish a pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of our Company is situated.

### Withdrawal of the Issue

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- The final listing and trading approvals of the SME Platform of BSE, which the Company shall apply for after Allotment and
- The final ROC approval of the Prospectus after it is filed with the ROC.
- In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue in the same newspapers where the pre-issue advertisement had been published.

If the Company withdraws the Issue after the Issue Closing Date and thereafter determines that it shall proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Prospectus with the SME Exchange

### Jurisdiction

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

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

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

### ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up capital is more than Rs. 10 crores and upto Rs. 25 crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an issue please refer chapter titled "**Terms of the Issue**" and "**Issue Procedure**" on page 189 and 195 of this Draft Prospectus.

Following is the Issue Structure:

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	35,20,000 Equity Shares of Face Value Rs. 10/-	1,90,000 Equity Shares of Face Value Rs. 10/-
Percentage of Issue Size available for allocation	94.88 % of the Issue Size  (50% to Retail Individual Investors and the balance 50% to other investors).	5.12 % of the Issue Size  Firm allotment
Basis of Allotment	Proportionate subject to minimum allotment of 10,000 Equity Shares and further allotment in multiples of 10,000 Equity Shares each.  For further details please refer to " <b>Issue Procedure - Basis of Allotment</b> " on page 200 of this Draft Prospectus.	Firm Allotment
Mode of Application	For QIB Applicants and Non-Institutional Applicants the application must be made compulsorily through the ASBA Process.  The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	<b><u>For QIB and Nil:</u></b>  Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value exceeds Rs. 2,00,000/-  <b><u>For Retail Individuals:</u></b>  10,000 Equity Shares	1,90,000 Equity Shares of Face Value Rs. 10/
Maximum Application Size	<b><u>For all Other Investors:</u></b>  For all other investors the maximum application size is the Net Issue to public subject to limits the investor has to adhere under the relevant laws and regulations applicable.  <b><u>For Retail Individuals:</u></b>  Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value does not exceed Rs. 2,00,000/-.	1,90,000 Equity Shares of Face Value Rs. 10/
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Trading Lot	10,000 Equity Shares	10,000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to “**Issue Structure**” on page 193 of this Draft Prospectus.

\*As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue ‘the allocation’ is the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to Individual applicants other than retail individual investors; and Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

*If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.*

### **Withdrawal of the Issue**

Our Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time after the Issue Opening Date but before Allotment. If our Company withdraws the Issue, our Company will issue a public notice within two days, providing reasons for not proceeding with the Issue. The LM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh Draft Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares offered through the Draft Prospectus, which our Company will apply for only after Allotment; and (ii) the final ROC approval of the Prospectus.

<b>ISSUE OPENING DATE</b>	[•]
<b>ISSUE CLOSING DATE</b>	[•]

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

## ISSUE PROCEDURE

### Fixed Price Issue Procedure

The Issue is being made under Regulation 106(M) (2) of Chapter XB of 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 Escrow Bankers to the Issue who shall duly submit to them the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

**Investors should note that according to section 29(1)(a) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialised form. The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchanges by the Brokers (including sub-brokers) do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

**Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Applications, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.**

### Application Form

Applicants 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 this Draft Prospectus. The application form shall contain space for indicating number of specified securities subscribed for in dematerialised form. Upon completing and submitting the Application Form to the Bankers to the Issue, the Applicant is deemed to have authorized our Company to make the necessary changes in the Draft Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Applicant.

ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA Applicants. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Draft Prospectus and the ASBA Application 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 ASBA Applicant.

**The prescribed color of the Application Form for various categories is as follows:**

Category	Colour
Indian Public / NRI's applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents including eligible NRI's, etc. applying on a repatriation basis (ASBA and Non-ASBA)	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues with effect from May 1, 2010 all the investors can apply through ASBA process and with effect from May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

### Who can apply?

1. Indian nationals resident in India who are not minors in single or joint names (not more than three);

2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
6. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional Applicants portion;
9. Venture Capital Funds registered with SEBI;
10. AIF registered with SEBI
11. FVCIs registered with SEBI;
12. Eligible QFIs;
13. Multilateral and bilateral development financial institutions;
14. State Industrial Development Corporations;
15. 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;
16. Scientific and/or industrial research organizations authorized to invest in Equity Shares;
17. Insurance Companies registered with Insurance Regulatory and Development Authority;
18. Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
19. Pension Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
20. National Investment Fund;
21. Nominated Investor and Market Maker;
22. Insurance funds set up and managed by the army, navy or air force of the Union of India;
23. Insurance funds set up and managed by the Department of Posts, India;
24. Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

**Applications not to be made by:**

- a. Minors
- b. Partnership firms or their nominations
- c. Foreign Nationals (except NRIs)
- d. Overseas Corporate Bodies
- e. FII's
- f. FVCIs
- g. Other Foreign Investors

**Participation by Associates of LM**

Except for the Market Making and the Underwriting Obligations, the Lead Manager 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, Lead Manager to the Issue, Registrar to the Issue and the collection Centers of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE limited i.e. [www.bseindia.com](http://www.bseindia.com).

**Option to Subscribe in the Issue**

- a. Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialized form.
- b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

**Application by Indian Public including eligible NRIs applying on Non-Repatriation**

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non Residents Indian (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.**

**In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.**

**Applications by Eligible NRIs/FII's on Repatriation Basis**

Application Forms have been made available for Eligible NRIs at our registered Office.

Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis.

Allotment of Equity Shares to Non-Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws.

The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's.

### **Applications by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI.

Accordingly, 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. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The Category I and II AIFs cannot invest more than 25% of their respective corpus in one Investee Company. A category III AIF cannot invest more than 10% of its corpus in one Investee Company. A venture capital fund - 634 - registered as a category I AIF, as defined in the SEBI (Alternate Investment Funds) Regulations, 2012, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI (Alternate Investment Funds) Regulations, 2012 shall continue to be regulated by the VCF Regulations.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

### **MAXIMUM AND MINIMUM APPLICATION SIZE**

#### **1. For Retail Individual Applicants**

The Application must be for a minimum of 10,000 Equity Shares and in multiples of 10,000 Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs.2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs. 2, 00,000.

#### **2. For Other Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 and in multiples of 10,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2, 00,000 for being considered for allocation in the Non-Institutional Portion.

**Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.**



### **Applications by Limited Liability Partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended ("LLP Act") a certified copy of certificate of registration issued under the LLP Act must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

### **Applications by Insurance Companies**

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form or the ASBA Application Form, as the case may be. Failing this, our Company in consultation with the LM, reserve the right to reject any Application without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPs); and
- c) The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).

**The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of filing of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the maximum number of Equity Shares applied for or maximum investment limits do not exceed the applicable limits under laws or regulations or as specified in this Draft 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 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 reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

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.

### **Application by Provident Funds/Pension Funds**

In case of Applications made by provident funds with minimum corpus of Rs. 25 crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 crore, 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.

**Our 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 Applicants:**

- a. Our Company will file the Prospectus with the ROC at least 3 (three) days before the Issue Opening Date.
- b. The LM will circulate copies of the Prospectus along with the Application Form to potential investors.

- c. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our registered office or from the corporate office of the LM.
- d. Applicants who are interested in subscribing for the Equity Shares should approach the LM or their authorized agent(s) to register their Applications.
- e. Applications made in the Name of Minors and/or their nominees shall not be accepted.
- f. Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

### **Instructions for Completing the Application Form**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai.

### **Applicant's Depository Account and Bank Details**

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the LM or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

### **BASIS OF ALLOTMENT**

Allotment will be made in consultation with SME Platform of 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:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 10,000 Equity Shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 10,000 Equity Shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 10,000 Equity Shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 10,000 Equity Shares subject to a minimum allotment of 10,000 Equity Shares.

5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 10,000 Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.
6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below

**As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue 'the allocation' is the net offer to the public category shall be made as follows:**

**a) Minimum fifty percent to retail individual investors; and**

**b) Remaining to Individual applicants other than retail individual investors; and Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;**

**c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.**

***If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.***

'Retail Individual Investor' means an investor who applies for shares of value of not more than 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 SME Platform of BSE.

The Executive Director / Managing Director of the SME Platform of BSE, Designated Stock Exchange in addition to Lead Merchant Banker 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.

#### **REFUNDS:**

**In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund order Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the 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, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for NRIs and they will be treated on the same basis with other categories for the purpose of allocation.

#### **TERMS OF PAYMENT / PAYMENT INSTRUCTIONS**

The entire Issue price of Rs.10/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

#### **Cash/ Stock Invest/ Money Orders/ Postal orders will not be accepted.**

A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - Indian Public including eligible NRIs applying on non-repatriation basis: "R&B DENIMS LIMITED - PUBLIC ISSUE - R".
  - In case of Non-Resident Retail Applicants applying on repatriation basis: "R&B DENIMS LIMITED - PUBLIC ISSUE - NR"
2. In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
3. Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay in Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
4. On the Designated Date and no later than 15 days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

#### **Payment by Stock invest**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 5, 2003; the option to use the 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.

#### **Payment mechanism for ASBA Applications**

All investors other than retail individual investors are required to make their application using ASBA process only.

The ASBA applicants shall specify the bank account number in the Application Form and the SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the 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 the Issue to unblock the Application Amount. In the event of withdrawal or rejection of the Application Form or for unsuccessful -Application

Forms, the Registrar to the Issue 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 finalisation 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 withdrawal of the Application by the ASBA Applicant, as the case may be.

In case of Applications by Eligible NRIs applying on repatriation basis, a NRE Account or a FCNR Account, maintained with banks authorized to deal in foreign exchange in India, should be mentioned in the Application Form for blocking of funds, along with documentary evidence in support of the remittance.

In case of Applications by Eligible NRIs applying on a non-repatriation basis, a NRE Account or a FCNR Account maintained with banks authorized to deal in foreign exchange in India or a NRO Account, should be mentioned in the Application Form for blocking of funds, along with documentary evidence in support of the remittance.

## **GENERAL INSTRUCTIONS**

### **Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

### **Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

## **OTHER INSTRUCTIONS**

### **Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Applications**

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. 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
- ii. 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.

- iii. 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.

No separate applications for demat and physical is to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

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.

Pursuant to NSDL Circular dated December 17, 2005 with no NSDL/PI/2005/2475 in cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

Please note that Central or State Government and the officials appointed by the courts and investors residing in the State of Sikkim are exempted from specifying their PAN subject to the Depository Participants' verifying the veracity of such claims of the investors in accordance with the conditions and procedures under this section on Issue Procedure.

### **RIGHT TO REJECT APPLICATIONS**

In case of QIB Applicants, 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 Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

### **Grounds for 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 highest value of Equity Shares applied for;
- 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 10,000;
- Category not ticked;
- Multiple Applications as defined in this Draft 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 Applicant is missing;
- 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 Applicants (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 Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole;
- 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 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;
- Applications or revisions thereof by QIB Applicants, Non-Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 5.00 pm on the Issue Closing Date;
- Applications by OCBs, FIIs, FVCIs and other foreign investors (except NRIs);

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BROKERS DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **Impersonation**

**Any person who:**

**Makes or abets making of an application in a fictitious name, to the Company for acquiring or subscribing for, any shares therein, or**

**Makes or abets making of multiple applications to the Company in different names or in combination of his name or surname for acquiring or subscribing for its securities; or**

**Otherwise induces directly or indirectly to the Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.**

Any such person as described above shall also be liable to action under Section 447 of the Companies Act, 2013.

#### **Signing of Underwriting Agreement**

Vide an Underwriting agreement dated February 28, 2014 this issue is 100% Underwritten.

#### **Filing of the Prospectus with the ROC**

The Company will file a copy of the Prospectus with the ROC in terms of Section 32 of the Companies Act, 2013.

#### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act 2013, the Company, 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 Marathi newspaper with wide circulation.

#### **Designated Date and Allotment of Equity Shares**

1. Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Applicant's depository account will be completed within 12 Working Days of the Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Applicant's depository account is completed within two Working Days from the date of Allotment.
2. In accordance with section 29(1)(a) of the Companies Act, 2013, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

3. Allottees will have the option to re-materialise the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their depository account pursuant to this Issue.**

### **PAYMENT OF REFUND**

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

### **Mode of making refunds**

The payment of refund, if any, would be done through various modes as given hereunder:

1. **NECS (National Electronic Clearing System)** - Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
2. **Direct Credit** - Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. **RTGS (Real Time Gross Settlement)** - Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 2.00 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 NECS. 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 (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR number. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow 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 Applicants.

### **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 Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 9 (nine) working days from 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 Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment of Equity Shares shall be made within 12 (twelve) days of the Issue Closing Date;
2. Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Issue Closing Date would be ensured; and
3. The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) days time period 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 15 (fifteen) days time.

### **UNDERTAKINGS BY OUR COMPANY**

The Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by us expeditiously;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 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 certificate of the securities / refund orders to the non-resident Indians shall be dispatched within specified time; and
6. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc.
7. 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.
8. Adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

### **UTILIZATION OF ISSUE PROCEEDS**

Our Board certifies that:

1. All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act 2013;

2. Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
3. Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
4. Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
5. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

### **WITHDRAWAL OF THE ISSUE**

Our Company, in consultation with the LM reserves the right not to proceed with the Issue at anytime, including after the Issue Closing Date but before the Board meeting for Allotment, without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- a. Agreement dated February 07, 2014 between NSDL, the Company and the Registrar to the Issue;
- b. Agreement dated January 31, 2014 between CDSL, the Company and the Registrar to the Issue;

The Company's shares bear an ISIN No. INE012Q01013.

We are in process of converting our physical Shares into Dematerialize

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 'Applicants 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 a 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

### **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, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

## **ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS**

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1380263338017.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html). For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

### **ASBA Process**

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("ASBA Account") is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA

Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application.

The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the LM.

ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

### **Who can apply?**

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

### **Mode of Payment**

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

Application Amount paid in cash, by money order or by postal order or by stockinvest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

**Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GOI and FEMA. The Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI ("DIPP") by Circular 1 of 2012, with effect from April 10, 2012 ("Circular 1 of 2012"), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP and is currently applicable to all FDI matter.

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.

The Consolidated FDI Policy dated April 10, 2012, permits foreign investment up to 100% in the Company under the automatic route subject to the following:

1. Minimum area to be developed under each project would be as under:
  - a. In case of development of serviced housing plots, a minimum land area of 10 hectares;
  - b. In case of construction-development projects, a minimum built-up area of 50,000 square meters;
  - c. In case of a combination project, any one of the above two conditions would suffice.
2. Minimum capitalization of US\$10 million for wholly owned subsidiaries and US\$ 5 million for joint ventures with Indian partners provided that the funds are brought in within 6 (six) months of commencement of business of the Company.
3. Original investment i.e. the entire amount brought in as FDI cannot be repatriated before a period of 3 (three) years from completion of minimum capitalization. The lock-in period of three years shall commence from the date of receipt of each installment/tranche of FDI or from the date of completion of minimum capitalization, whichever is later. However, the investor may be permitted to exit earlier with prior approval of the Government through the FIPB.
4. At least 50% of each such project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor/investee company would not be permitted to sell undeveloped plots. Further, the investor will also be required to obtain a completion certificate from the concerned authorities prior to disposal of serviced housing plots.
5. The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the concerned authorities.
6. The investor/investee company shall be responsible for obtaining all necessary approvals and for complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/ Municipal/Local Body concerned.
7. The State Government/ Municipal/ Local Body concerned, which approves the building / development plans, would monitor compliance of the above conditions by the developer.

It is pertinent to note that the conditions at (1) to (4) above do not apply to hotels and tourism, hospitals, Special Economic Zones (SEZs), the education sector, old age homes and investment by NRIs. Also, FDI is not allowed in Real Estate Business.

Therefore, only NRIs are permitted to invest in this Issue and foreign investors including FII, FVCIs and foreign multilateral and bilateral development financial institutions are not eligible to invest in this Issue.

As per the existing policy of the Government of India, OCBs also cannot participate in any Public Issue. No approvals of the FIPB or the RBI are required for such Allotment of Equity Shares under this Issue. Our Company will be required to make certain filings with the RBI after the completion of the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act or any state securities laws in the USA and may not be offered or sold within the USA or to, or for the account or benefit of persons (as defined in the U.S. Securities Act). Our Company, LM and the Issue Management Team will not be making any selling efforts in any jurisdiction outside India.

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 Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

**SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

Article no.	Heading	Description
5	<b>Authorized Capital</b>	<p>The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.</p> <p>Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up in such equity shares respectively at the commencement of the winding up.</p>
6	<b>Increase, Reduction and Alteration of Capital by the Company</b>	<p>The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.</p> <p>On what conditions the new shares may be issued</p> <p>(i) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.</p> <p>Further Issue of Shares</p> <p>(ii) Where at any time after time expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:</p> <p>(i) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;</p> <p>(ii) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;</p> <p>(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;</p> <p>PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.</p> <p>(iv) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.</p>

		<p>(iii) Notwithstanding anything contained in sub clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.</p> <p>(i) If a special resolution to that effect is passed by the company in general meeting, or</p> <p>(ii) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.</p> <p>(iv) Nothing in sub-clause (c) of (1) hereof shall be deemed:</p> <p>(i) To extend the time within which the offer should be accepted; or</p> <p>(ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.</p> <p>(v) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:</p> <p>(i) To convert such debentures or loans into shares in the company; or</p> <p>(ii) To subscribe for shares in the company</p> <p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>(i) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and</p> <p>(ii) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.</p> <p>Directors may allot shares as fully paid up</p> <p>(vi) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partially paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.</p> <p>Same as original capital</p> <p>(vii) Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise</p>
<p>9</p>	<p><b>Reduction of capital</b></p>	<p>The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be :</p> <p>(a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;</p>



		<p>(b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or</p> <p>(c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.</p>
10	<b>Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares</b>	<p>Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:</p> <p>(a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;</p> <p>(b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares.</p> <p>(c) Convert all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.</p> <p>(d) Cancel, shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.</p>
11	<b>Notice to Registrar of Consolidation of Share Capital, Conversion of shares into stocks etc.</b>	<p>(a) If the Company has :</p> <ol style="list-style-type: none"> <li>i. consolidated and divided its Share Capital into shares of larger amount than its existing shares;</li> <li>ii. converted any shares into stock;</li> <li>iii. reconverted any stock into shares;</li> <li>iv. sub-divided its share or any of them;</li> <li>v. redeemed any redeemable preference shares; or</li> <li>vi. cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act,</li> </ol> <p>The Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.</p> <p>(b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.</p>
12	<b>Modifications of rights</b>	<p>If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value 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. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.</p>
<b>SHARES AND CERTIFICATES</b>		
13	<b>Issue of further shares not to affect right of existing share holders</b>	<p>The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking <i>pari passu</i> therewith.</p>
14	<b>Provisions of Sections 85 to 88 of the Act to apply</b>	<p>The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.</p>

15	<b>Register of Members and Debenture holders</b>	<p>(a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.</p> <p>(b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filing of Annual Returns.</p> <p>(c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.</p>
16	<b>Commencement of business</b>	The Company shall comply with the provisions of Section 149 of the Act.
17	<b>Restriction on allotment</b>	The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.
18	<b>Shares to be numbered progressively and no shares to be subdivided</b>	The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
19	<b>Shares at the disposal of the Directors</b>	Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.
20	<b>Every share transferable etc</b>	<p>(i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.</p> <p>(ii) Each share in the Company shall be distinguished by its appropriate number.</p> <p>(iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie, evidence of the title of the member of such shares.</p>
21	<b>Application of premium received on issue of shares</b>	<p>(a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called "the share premium account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the share premium account were paid-up share capital of the Company.</p> <p>(b) The share premium account may, notwithstanding, anything in clause (a) above, be applied by the Company.</p> <p>(i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;</p> <p>(ii) in writing off the preliminary expenses of the Company;</p> <p>(iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or</p> <p>(iv) In providing for the premium payable on the redemption of any redeemable</p>



		preference shares or of any debenture of the Company.
<b>INTEREST OUT OF CAPITAL</b>		
29	<b>Interest out of Capital</b>	Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or building or the provisions of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of cost of construction of the work or building or the provision of the plant.
<b>UNDERWRITING COMMISSION AND BROKERAGE</b>		
30	<b>Power to pay certain commission and prohibition of payment of all other commission discounts etc.</b>	<p>A. (i)The Company may pay a commission to any person in consideration of : his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in sub-section (4A) of Section 76 of the Act, or (ii)his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, if the following conditions are fulfilled, namely :</p> <p>(a) the commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued;</p> <p>(b) the amount or rate percent of the commission paid or agreed to be paid on shares or debentures offered to the public for subscription, is disclosed in the Prospectus, and in the case of shares or debentures not offered to the public for subscription, is disclosed in the Statement in lieu of Prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a Prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;</p> <p>(c) the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and\</p> <p>(d) A copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of prospectus for registration.</p> <p>B. Save as aforesaid and save as provided in Section 75 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of :</p> <p>(i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;</p> <p>(ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.</p> <p>C. Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.</p> <p>D. A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 76 of the Act.</p>

		E. The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash, or in shares, debentures or debenture-stocks of the Company.
<b>LIEN</b>		
44	<b>Company's lien on Shares/Debentures</b>	The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-Up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
45	<b>As to enforcing lien by sale</b>	For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.
46	<b>Application of proceeds of sale</b>	<p>a. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.</p> <p>Outsiders lien not to affect Company's lien</p> <p>b. The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognise equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.</p>
<b>FORFEITURE</b>		
47	<b>If call or installment not paid notice must be given</b>	<p>If any member or debenture holder fails to pay the whole or any part of any call or installment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid 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> <p>Form of Notice</p> <p>a. The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of nonpayment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.</p>
48	<b>In default of payment shares or debentures to</b>	If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter

	<b>be forfeited</b>	before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the company, in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.
49	<b>Entry of forfeiture in Register of members/debenture holders</b>	When any shares/debenture shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid
50	<b>Forfeited share/debenture to be property of Company and may be sold</b>	Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold; re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.
51	<b>Power to annual forfeiture</b>	The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annual forfeiture thereof upon such conditions as they think fit.
52	<b>Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest</b>	Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.
53	<b>Effect of forfeiture</b>	The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.
56	<b>Cancellation of share/debenture Certificate in respect of forfeited shares/debentures</b>	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debenture holder) stand cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.
<b>TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES</b>		
59	<b>Register of transfers</b>	The Company shall keep a book to be called the "Register of transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.
60	<b>Form of transfer</b>	The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies ACT, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
61	<b>Instrument of transfer to be executed by transferor and transferee</b>	Every such instrument of transfer shall be signed both by the transferor and 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 of members in respect thereof.
62	<b>Directors may refuse to register transfer</b>	a Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of tile Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

<p>63</p>	<p><b>Transfer of shares</b></p>	<p>a. An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, 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 of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.</p> <p>b. For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.</p> <p>c. It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the Certificate relating to the shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.</p> <p>d. Nothing in clause (c) above shall prejudice any power of the company to register as share holder any person to whom the right to any share has been transmitted by operation of law.</p> <p>e. The company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the company;</p> <p>A. for splitting of a share or debenture certificate into several scripts of very small denominations;</p> <p>B. proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.</p> <p>(i) transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;</p> <p>(ii) the transfer of the entire Equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.</p> <p>(iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.</p> <p>(iv) The transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.</p> <p>Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s)</p> <p>f. Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share</p>
<p>74</p>	<p><b>No fee on transfer or transmission</b></p>	<p>No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document</p>

75	<b>The Company not liable for disregard of a notice prohibiting registration of transfer</b>	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.
<b>BORROWING POWERS</b>		
78	<b>Restriction on powers of the Board</b>	<p>The Board of Directors shall not, except with the consent of the Company in general meeting and subject to Article 172 of the Articles of Association of the Company:</p> <ol style="list-style-type: none"> <li>Sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.</li> <li>Remit, or give time for the repayment of any debt due by a Director.</li> <li>invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.</li> <li>borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.</li> <li>contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.</li> </ol> <p>Explanation: Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).</p>
85	<b>Registration of charges</b>	<p>The provisions of the Act relating to registration of charges shall be complied with.</p> <p>In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.</p> <p>Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situate, as provided by Section 125 of the Act.</p> <p>Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.</p> <p>In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.</p> <p>The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders pari passu.</p> <p>The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or</p>

		<p>indirectly, in connection with the debentures.</p> <p>The provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.</p> <p>The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.</p> <p>As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.</p> <p>The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered officer of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Manager as therein provided.</p> <p>The Company shall also comply with the provisions of Section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.</p> <p>The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:</p> <ol style="list-style-type: none"> <li>a short description of the property charged;</li> <li>the amount of the charge; and</li> <li>Except in the case of securities to bearer, the names of persons entitled to the charge.</li> </ol> <p>Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.</p>
<b>SHARE WARRANTS</b>		
87	<b>Powers to issue share warrants</b>	The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly, the Board may, in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
<b>GENERAL MEETINGS</b>		
93	<b>Annual General Meeting</b>	<p>Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.</p> <p>Provided that if the Registrar for any special reason extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.</p> <p><b>Summary of Annual General Meeting</b></p> <p>The Company may in any one general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director's report, the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statements of accounts). The proxy registered with the Company and Register of Director's Share holdings of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.</p>
94	<b>Time and place of Annual General Meeting</b>	Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.
95	<b>Sections 171 to 186 of the Act shall apply to</b>	Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debenture



	<b>meetings</b>	holders of the Company in like manner as they apply with respect to general meetings of the Company.
96	<b>Powers of Director's to call Extraordinary General Meeting</b>	The Directors may call an extraordinary general meeting of the Company whenever they think fit.
97	<b>Calling of Extra Ordinary General Meeting on requisition</b>	<p>a. The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.</p> <p>b. The requisition shall set out 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 registered office of the Company.</p> <p>c. The requisition may consist of several documents in like form, each signed by one or more requisitionists.</p> <p>d. The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.</p> <p>e. Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.</p> <p>f. If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called:</p> <p style="padding-left: 40px;">i. by the requisitionists themselves;</p> <p style="padding-left: 40px;">ii. by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.</p> <p>Explanation: For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act.</p> <p style="padding-left: 40px;">a. A meeting, called under clause (f) above, by the requisitionists or any of them:</p> <p style="padding-left: 80px;">(i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but</p> <p style="padding-left: 80px;">(ii) Shall not be held after the expiration of three months from the date of the deposit of the requisition.</p> <p>Explanation: Nothing in clause (g) (ii) above shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.</p> <p>b. Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some 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>c. 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</p>

		<p>sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.</p>
98	<b>Length of notice for calling meeting</b>	<p>a. A general meeting of the Company may be called by giving not less than twenty one days' notice in writing.</p> <p>b. A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;</p> <p>i. in the case of an annual general meeting by all the members entitled to vote thereat: and</p> <p>ii. in the case of any other meeting, by members of the Company holding not less than 95 (ninety five) per cent of such part of the paid up capital of the Company as gives a right to vote at the meeting;</p> <p>Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.</p>
99	<b>Contents and manner of service of notice and persons on whom it is to be served.</b>	<p>a. Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.</p> <p>b. Notice of every meeting of the Company shall be given:</p> <p>i. to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;</p> <p>ii. to 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 or representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;</p> <p>iii. to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member of members of the Company and</p> <p>iv. to all the Directors of the Company</p> <p>Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.</p> <p>c. The accidental omission to give notice to or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.</p>
100	<b>Explanatory statement to be annexed to notice</b>	<p>1. For the purpose of this Article :</p> <p>a. in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to</p> <p>a. The consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.</p> <p>b. the declaration of a dividend;</p> <p>c. the appointment of Directors in the place of those retiring, and</p> <p>d. the appoint of and the fixing of the remuneration of the auditors, and</p> <p>b. In the case of any other meetings, all business shall be deemed special.</p> <p>2. Where any items of business to be transacted at the meeting are deemed to be</p>

		<p>special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any.</p> <p>Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other company, the extent of shareholding interest in that other Company of any such person shall be set out in the circumstances specified in the provision to sub-section (2) of Section 173 of the Act.</p> <p>3. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.</p>
101	<b>Quorum for meeting</b>	<p>a. Five members personally present shall be the quorum for a general meeting of the company.</p> <p>b. If quorum not present meeting to be dissolved or adjourned</p> <p>i. If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.</p> <p>ii. In any other case, the meeting 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 other time and place, as the Board may determine.</p> <p>Adjourned meeting to transact business</p> <p>c. If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.</p>
102	<b>Presence of quorum</b>	<p>a. No business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business. Business confined to election of chairman whilst chair vacant.</p> <p>b. No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.</p> <p>Chairman of general meeting</p> <p>c. (i) The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of themselves to be the Chairman.</p> <p>(ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.</p> <p>Chairman with consent may adjourn the meeting</p> <p>d. The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city, town or village where the registered office of the Company is situated.</p> <p>Business at adjourned meeting</p> <p>e. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the</p>

		<p>adjournment took place.</p> <p>Notice of adjourned meeting</p> <p>f. When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.</p> <p>In what cases poll taken with or without adjournment</p> <p>g. Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.</p>
103	<b>Proxies</b>	<p>a. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.</p> <p>Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.</p> <p>b. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.</p> <p>c. The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.</p> <p>d. The instrument appointing a proxy shall :</p> <p>(i) be in writing, and</p> <p>(ii) Be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.</p> <p>Form of proxy</p> <p>e. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.</p> <p>f. An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.</p> <p>g. Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.</p>
<b>VOTES OF MEMBERS</b>		
104	<b>Restrictions on exercise of voting rights of members who have not paid calls</b>	<p>a. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.</p> <p>b. Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.</p>
105	<b>Restriction on exercise of voting right in other cases to be void</b>	<p>A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.</p>

106	<b>Equal rights of share holders</b>	Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.
107	<b>Voting to be by show of hands in first instance</b>	At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.
108	<b>No voting by proxy on show of hands</b>	<p>a. Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.</p> <p>b. No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.</p> <p>How members non compos, minutes and minor may vote</p> <p>c. A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.</p> <p>Votes in respect of shares of deceased or insolvent members etc.</p> <p>d. Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.</p> <p>Custody of Instrument</p> <p>e. If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.</p> <p>Validity of votes given by proxy notwithstanding death of members etc.</p> <p>f. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.</p> <p>Time for objections for vote</p> <p>g. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.</p> <p>Chairman of any meeting to be the judge of any vote</p> <p>h. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be</p>

		the sole judge of the validity of every vote tendered at such poll.
122	<b>Minutes of proceedings of general meeting and of Board and other meetings.</b>	<p>a. The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.</p> <p>b. Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:</p> <p>(i) In the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.</p> <p>(ii) In the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.</p> <p>c. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p> <p>d. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.</p> <p>e. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.</p> <p>f. In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:</p> <p>(i) the names of the Directors present at the meetings, and</p> <p>(ii) In the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.</p> <p>g. Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:</p> <p>(i) is or could reasonably be regarded, as defamatory of any person</p> <p>(ii) is irrelevant or immaterial to the proceedings; or</p> <p>(iii) Is detrimental to the interests of the Company.</p> <p>The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.</p> <p>Minutes to be considered to be evidence</p> <p>h. The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.</p>
124	<b>Inspection of Minutes Books of General Meetings</b>	<p>a. The books containing the minutes of the proceedings of any general meeting of the Company shall;</p> <p>(i) be kept at the registered office of the Company, and</p> <p>(ii) be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.</p> <p>b. Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty seven paise for every one hundred words or fractional part thereof required to be copied.</p>
125	<b>Publication of reports of proceeding of general meetings</b>	No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.
<b>MANAGERIAL PERSONNEL</b>		
126	<b>Managerial Personnel</b>	The Company shall duly observe the provisions of Section 197A of the Act regarding

		prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.
<b>BOARD OF DIRECTORS</b>		
134	<b>Appointment of Additional Directors</b>	Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by these Articles. Any Director so appointed shall hold the office only up to the next annual general meeting of the Company and shall then be eligible for re-appointment.
138	<b>Remuneration of Directors</b>	<p>a. Subject to the provisions of the Act, a Managing Director or a Director who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.</p> <p>b. Subject to the provisions of the Act, a Director, who is neither in the whole time employment nor a Managing Director may be paid remuneration either :</p> <p>(i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or</p> <p>(ii) By way of commission if the Company by a special resolution has authorised such payment.</p> <p>c. The fee payable to Directors (other than Managing or Whole time Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time.</p>
141	<b>Increase in remuneration of Directors</b>	<p>a. Any provision relating to the remuneration of any Director including a Managing or Joint Managing or Whole time Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision is contained in the Company's Memorandum or its Articles, or in an agreement entered into by it, or any resolution, passed by the Company in general meeting or by the Board of Directors, shall require the approval of the Central Government unless it is in accordance with Sections 198, 269, 309, 310, 311 Schedule XIII and other applicable provisions of the Companies Act, 1956, and their amendment from time to time.</p> <p>Increase in remuneration of Managing Director on re-appointment or appointment</p> <p>b. If the terms of any re-appointment of a Managing or Joint Managing or Whole time Director, purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration which the Managing or Joint Managing or Whole time Director, as the case may be was receiving immediately before such reappointment or appointment shall require the approval of the Central Government unless they are in accordance with Sections 198, 269, 309, 310, 311 Schedule XIII and other applicable provisions of the Companies Act, 1956, and their amendment from time to time.</p>
149	<b>Directors etc. not to hold office or place of profit</b>	The provisions of Section 314 of the Act shall be complied with when applicable in regard to holding of office or place of profit under the Company or under any subsidiary of the Company by any person mentioned in the said section. The words office or place of profit shall have the meaning assigned to them by Section 314 of the Act.
150	<b>Loans to Directors</b>	The Company shall observe the restrictions imposed on the Company in regard to granting of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any of the Act.
152	<b>Board resolution at a meeting necessary for certain contract</b>	<p>a. Except with the consent of the Board of Directors of the Company and with the previous approval of the Central Government a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or director, shall not enter into any contract with the Company;</p> <p>i. for the sale, purchase or supply of any goods materials or services, or</p> <p>ii. For underwriting the subscription of any shares in, or debentures of the Company.</p>



		<p>b. Nothing contained in the foregoing sub-clause (a) shall affect:</p> <ul style="list-style-type: none"> <li>(i) the purchase of goods and materials from the Company or the sale of goods and materials to the Company, by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or</li> <li>(ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other side for sale, purchase, or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private company as the case may be, regularly trades or does business:</li> </ul> <p>Provided that such contract or contracts do not relate to goods and materials the value of which or service cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts.</p> <p>c. Notwithstanding anything contained in the foregoing sub-clause (a) and (b) a Director, relative, firm, partner of private company as aforesaid, may in circumstances of urgent necessity, enter, without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods, materials or services exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract; but in such a case, the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.</p> <p>d. Every consent of the Board required under this clause shall be accorded by a resolution passed at a meeting of the Board and not otherwise; and the consent of the Board required under sub-clause (a) above shall not be deemed to have been given within the meaning of that sub-clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.</p> <p>e. If consent is not accorded to any contract under this clause, anything done in pursuance of the contract shall be voidable at the option of the Board.</p> <p>f. The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.</p> <p>g. The Company shall also comply with such other provision of Section 297 of the Act, as may be applicable.</p>
<b>ROTATION OF DIRECTORS</b>		
153	<b>Rotation of Directors</b>	<p>Not less than two thirds of the total number of Directors shall</p> <ul style="list-style-type: none"> <li>a. be persons whose period of office is liable to determination by retirement of Directors by rotation, and</li> <li>b. Save as otherwise expressly provided in the Act; be appointed by the Company in general meeting.</li> </ul> <p>The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.</p>
154	<b>Ascertainment of Directors retiring by rotation and filling up vacancies</b>	<p>At every annual general meeting one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearer to one-third, shall retire from office.</p> <p>The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.</p> <p>At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.</p> <ul style="list-style-type: none"> <li>a. If the place of the retiring Director is not so filled up and that meeting has not</li> </ul>





		<p>expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the succeeding day which is not a public holiday, at the same time and place.</p> <p>b. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless</p> <p>c. at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;</p> <p>d. the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;</p> <p>e. he is not qualified or is disqualified for appointment;</p> <p>f. a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or</p> <p>g. The proviso to sub-section (2) of Section 263 of the Act is applicable to the case.</p> <p>Explanation: In this Article and Article 156 the expression 'Retiring Director' means Director retiring by rotation.</p>
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**POWERS OF DIRECTORS**

170	<b>Certain powers to be exercised by the Board only at meeting</b>	<p>a. Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.</p> <p>(i) The power to make calls on shareholders in respect of money unpaid on their shares;</p> <p>(ii) The power to issue debenture;</p> <p>(iii) The power to borrow moneys otherwise than on debentures;</p> <p>(iv) The power to invest the funds of the Company, and</p> <p>(v) The power to make loans.</p> <p>Provided that the Board may be resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe.</p> <p>b. Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegate.</p> <p>c. Every resolution delegating the power referred to in sub-clause (IV) of clause (a) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.</p> <p>d. Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount upto which loans may be made for each such purpose in individual cases.</p> <p>e. Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above.</p>
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<b>MANAGING DIRECTORS</b>		
174	<b>Power to appoint Managing or Wholetime Directors</b>	<p>a. Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Whole time Directors and/or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Whole time Director(s), Technical Director(s) Financial Director(s) and Special Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.</p> <p>b. The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" or "Deputy Managing Directors" as the case may be Appointment and payment of remuneration to Managing or Whole time Director</p> <p>Appointment and payment of remuneration to Managing or Wholetime Director</p> <p>c. Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.</p>
<b>THE SECRETARY</b>		
175	<b>Secretary</b>	Subject to the provisions of Section 383A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.
<b>SEAL</b>		
176	<b>The seal, its custody and use</b>	<p>a. The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence.</p> <p>Seal abroad</p> <p>b. The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.</p>
<b>INTEREST OUT OF CAPITAL</b>		
177	<b>Interest may be paid out of Capital</b>	Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.
<b>DIVIDENDS</b>		
178	<b>Division of Profits</b>	The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by

		them respectively.
179	<b>Dividend payable to registered holder</b>	No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.
180	<b>Time for payment of dividend</b>	Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.
181	<b>Capital paid up in advance and interest not to earn dividend</b>	Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.
182	<b>Dividends in proportion to amount paid up</b>	<p>a. The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.</p> <p>b. Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share shall rank for dividend accordingly.</p>
183	<b>Company in Annual General Meeting may declare dividends</b>	The Company in Annual general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.
184	<b>Power of Directors to limit dividends</b>	No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.
185	<b>Dividends only to be paid out of profits</b>	<p>No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that:</p> <p>a. If the Company has not provided for depreciation for any previous financial year or years, it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;</p> <p>b. If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.</p> <p>Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.</p>
186	<b>Directors' declaration as to net profits conclusive</b>	The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
187	<b>Interim Dividends</b>	The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies
188	<b>Retention of Dividend until completion of transfer under Article</b>	The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

189	<b>No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement there from</b>	Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.
190	<b>Transferred shares must be registered</b>	A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
191	<b>Dividend how remitted</b>	Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.
192	<b>Unpaid Dividend or Unclaimed Dividend</b>	<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 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank as per section 205 A of the Act, and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted</p> <p>(b) Any money transferred to the unpaid dividend account of the Company which remains 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.</p> <p>(c) No unpaid or unclaimed dividend shall be forfeited by the Board.</p>
193	<b>Dividend and call together</b>	Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.
194	<b>Dividend to be payable in cash</b>	No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.
<b>CAPITALISATION</b>		
195	<b>Capitalisation</b>	<p>a. Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys' investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalised:</p> <ol style="list-style-type: none"> <li>i. by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or</li> <li>ii. By crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.</li> </ol> <p>Provided that any amounts standing to the credit of the Share Premium Account may be applied in;</p> <p>(1) paying up un-issued shares of the Company to be issued to members of the Company as fully paid bonus shares;</p>



		<p>(2) in writing off the preliminary expenses of the Company;</p> <p>(3) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or</p> <p>(4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares</p> <p>(b) Such issue and distribution under sub-clause (a) (i) above and such payment to the credit of unpaid share capital under sub-clause (a) (ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a) (i) or payment under sub-clause (a) (ii) above shall be made on the footing that such members become entitled thereto as capital.</p> <p>(c) The Directors shall give effect to any such resolution and apply portion of the Profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.</p> <p>(d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.</p> <p>(e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment of diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.</p>
<b>ACCOUNTS</b>		
201	<b>Statements of Accounts to be furnished to General Meeting</b>	The Board of Directors shall lay before each annual general meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date, which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act.
202	<b>Balance Sheet and Profit and Loss Account</b>	<p>a. Subject to the provisions of Section 211 of the Act, every Balance Sheet and Profit and Loss Account of the Company shall be in the forms set out in parts I and II respectively of Schedule VI of the Act, or as near thereto as circumstances admit. There shall be annexed to every Balance Sheet a statement showing the bodies corporate (indicating separately the bodies corporate in the same group) in the shares of which investments have been made by it (including all investments, whether existing or not, made subsequent to the date as at which the previous Balance Sheet was made out) and the nature and extent of the investments so made in each body corporate.</p> <p>b. So long as the Company is a holding Company having a subsidiary the Company</p>

		<p>shall conform to Section 212 and other applicable provisions of the Act.</p> <p>c. If in the opinion of the Board, any of the current assets of the Company have not a value on realisation in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.</p>
203	<b>Authentication of Balance Sheet and Profit &amp; Loss Account</b>	<p>a. (i) Save as provided by item (ii) of this sub-clause every Balance Sheet and every Profit and Loss Account of the Company shall be signed on behalf of the Board of Directors by the Manager or Secretary, if any, and by not less than two Directors of the Company, one of whom shall be a Managing Director, if any.</p> <p>(ii) When only one of the Directors of the Company is for the time being in India, the Balance Sheet and the Profit and Loss Account shall be signed by such Director, but in such a case, there shall be attached to the Balance Sheet and the Profit and Loss Account a statement signed by him explaining the reason for non compliance with the provisions of the above item (i).</p> <p>b. The Balance Sheet, and the Profit and Loss Account, shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the auditors for their report thereon.</p>
204	<b>Profit and Loss Account to be annexed and Auditors' Report to be attached to the Balance Sheet</b>	The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditors' Report including the Auditors' separate, special or supplementary report, if any, shall be attached thereto.
205	<b>Board's Report to be attached to Balance Sheet</b>	<p>a. Every Balance Sheet laid before the Company in general meeting shall have attached to it a Report by the Board of Directors with respect to the state of the Company's affairs; the amounts, if any which it proposes to carry to any reserves in such Balance Sheet, the amount, if any, which it recommends to be paid by way of dividends and material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.</p> <p>b. The Report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or of any of its subsidiaries, deal with any changes which have occurred during the financial year in the nature of the Company's business, in the Company's subsidiaries or in the nature of the business in which the Company has an interest.</p> <p>c. The Board shall also give the fullest information and explanations in its Report or in cases falling under the proviso to Section 222 of the Act in an addendum to that Report, on every reservation, qualification or adverse remark contained in the Auditor's Report.</p> <p>d. The Board's Report and addendum (if any) thereto shall be signed by its Chairman if he is authorised in that behalf by the Board; and where he is not so authorised shall be signed by such number of Directors as are required to sign the Balance Sheet and the Profit and Loss Account of the Company by virtue of sub-clause (a) and (b) of Article 203.</p> <p>e. The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of sub-clauses (a) and (c) of this Article are complied with.</p> <p>f. Every Balance Sheet and Profit and Loss Account of the Company when audited and approved and adopted by the members in the annual general meeting shall be conclusive except as regards any matters in respect of which modifications are made thereto as may from time to time be considered necessary by the Board of</p>

		Directors and or considered proper by reason of any provisions of relevant applicable statutes and approved by shareholders at a subsequent general meeting.
206	<b>Right of Members to copies of Balance Sheet and Auditor's Report</b>	A copy of every Balance Sheet (including the Profit and Loss Account, the Auditor's Report and every other document required by Law to be annexed or attached as the case may be, to the Balance Sheet) which is to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of twenty one days before of the meeting.
207	<b>Three copies of Balance Sheet etc. to be filed with Registrar</b>	After the Balance Sheet and Profit and Loss Account have been laid before the Company at the annual general meeting, three copies of the Balance Sheet and Profit and Loss Account duly signed as provided under Section 220 of the Act together with three copies of all documents, which are required to be annexed thereto shall be filed with the Registrar, so far as the same be applicable to the Company.
<b>WINDING UP</b>		
219	<b>Distribution of Assets</b>	<p>a. Subject to the provisions of the Act, if the company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of 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 paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.</p> <p>b. But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.</p>
<b>SECRECY CLAUSE</b>		
222	<b>Secrecy Clause</b>	<p>a. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.</p> <p>b. No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.</p>
<b>INDEMNITY AND RESPONSIBILITY</b>		
223	<b>Directors and others</b>	a. Subject to the provisions of Section 201 of the Act, every Director, Managing

	<b>rights to indemnity</b>	<p>Director, Whole time Director, Manager, Secretary and other Officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including travelling expense) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.</p> <p>b. Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.</p>
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**SECTION X – OTHER INFORMATION****MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Draft Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered & Corporate office of the Company from 11.00 a.m. to 5.00 p.m. on working days from the date of this Draft Prospectus until the Issue Closing Date.

**A. Material Contracts for the Issue**

1. Memorandum of Understanding dated February 28, 2014 between the Company and the Lead Manager.
2. Memorandum of Understanding dated August 23, 2013 between the Company and the Registrar to the Issue.
3. Escrow Agreement dated [●], 2014 between the Company, the LM, Escrow Collection Bank(s), Refund Bank and the Registrar to the Issue.
4. Underwriting Agreement dated February 28, 2014 between the Company, the LM and the Underwriter.
5. Market Making Agreement dated February 28, 2014 between the Company, the LM and the Market Maker.
6. Tripartite Agreement between the NSDL, the Company and the Registrar dated February 07, 2014.
7. Tripartite Agreement between the CDSL, the Company and the Registrar dated January 31, 2014.

**B. Material Documents**

1. Certified copies of the Memorandum and Articles of Association of the Company as amended.
2. Certificate of Incorporation dated November 17, 2010 and fresh Certificate of Incorporation dated March 8, 2011 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli consequent to name change.
3. Board Resolutions and Shareholders Resolution dated December 5, 2012 and January 03, 2014 respectively authorising the Issue and other related matter.
4. Peer Review Auditors' Report dated February 28, 2014 for Restated Financial Statements as mentioned in the Draft Prospectus.
5. Copies of Annual Reports of the Company for the years ended March 31, 2013, 2012, 2011 and for the 6 months period ending September 30, 2013.
6. Consents of Statutory Auditors, Peer Review Auditor, Bankers to the Company, Lead Manager, Registrar to the Issue, Escrow & Refund Bankers, Legal Advisor to the Issue, Directors of the Company, Asst. Financial Controller, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
7. Approval dated [●], 2014 from the SME Platform of BSE.
8. Due Diligence Certificate issued by Lead Manager, Hem Securities Limited dated March 10, 2014 filed with BSE.
9. Statement of Possible Tax Benefits dated February 28, 2014.
10. Appointment of Mr. Rajkumar Borana as Managing Director vide EGM resolution dated September 4, 2013 & Special Resolution dated January 03, 2014 for the detailed terms of appointment of Mr. Amitkumar Dalmia as Whole-Time Director, Mr. Deepak Dalmia as Whole-Time Director & Mr. Ankur Borana as Whole-Time Director.

### DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 1956/ Companies Act, 2013 (to the extent notified) the guidelines issued by the Government of India or the Regulations issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956 / Companies Act, 2013 (to the extent notified) the Securities and Exchange Board of India Act, 1992, each as amended or the rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the statements in this Draft Prospectus are true and correct:

#### SIGNED BY THE DIRECTORS OF THE COMPANY:

<b>Mr. Rajkumar Borana</b> Chairman & Managing Director	Sd/-
<b>Mr. Amitkumar Dalmia</b> Whole Time Director	Sd/-
<b>Mr. Deepak Dalmia</b> Whole Time Director	Sd/-
<b>Mr. Ankur Borana</b> Whole Time Director	Sd/-
<b>Mr. Girish K. Kalawatia</b> Non Executive Independent Director	Sd/-
<b>Mr. Manak L. Tiwari</b> Non Executive Independent Director	Sd/-
<b>Mr. Kapil H. Hojiwala</b> Non Executive Independent Director	Sd/-
<b>Mr. Dharmesh P. Mehta</b> Non Executive Independent Director	Sd/-

#### SIGNED BY -

<b>Mr. Pradip Dave</b> Company Secretary, Compliance Officer & Asst. Financial Controller	Sd/-
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Place: Surat

Date: March 8, 2014