RED HERRING PROSPECTUS
Dated: January 18, 2013
Please read section 60B of the Companies Act, 1956
100% Book Building Issue

SAI SILKS (KALAMANDIR) LIMITED

(Our Company was started as a partnership firm under the name and style of M/s Sai Silks on August 10, 2005 and the name of the firm was changed to M/s Sai Silks (Kalamandir) on March 4, 2008. Later on, the firm was converted into a Private Limited Company by following the procedure laid down under Part IX of the Companies Act, 1956 and accordingly the Certificate of Incorporation was issued on July 3, 2008 by the Registrar of Companies, Andhra Pradesh in the name of Sai Silks (Kalamandir) Private Limited. The status of our Company was changed to a public limited company by special resolution passed at an EGM held on May 14, 2009. The fresh certificate of incorporation consequent upon change of name was issued to our Company on May 21, 2009 by the Registrar of Companies, Andhra Pradesh. For further details of changes in our name and our registered office, please refer the chapter "Our History and Certain Corporate Matters" on page no 136 of this Red Herring Prospectus)

Registered Office: 6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad – 500 016, Andhra Pradesh
Tel.: +91-040-6656 6555; **Fax:** +91-040-6610 6699 **Website:** www.kalamandir.com **Email:** info@kalamandir.com
Company Secretary and Compliance Officer: Mr. Soumith Kumar Sikinderpurkar **Email:** secretarial@kalamandir.com

PROMOTERS OF OUR COMPANY
MR. CHALAVADI NAGA KANAKA DURGA PRASAD AND MRS. CHALAVADI JHANSI RANI

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF SAI SILKS (KALAMANDIR) LIMITED ("OUR COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING ₹ 8900.00 LAKHS ("THE ISSUE"). THE ISSUE WOULD CONSTITUTE [●] % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY

PRICE BAND: ₹ [●] TO ₹ [●] PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH
THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] TIMES OF THE FACE VALUE

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED AT LEAST FIVE (5) WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE

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

The Issue is being made through the 100% Book Building Process wherein 10% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIB") Bidders. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 55% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Qualified Institutional Buyers and Non-Institutional Investors are mandatorily required to apply through ASBA.. For details, see section titled "Issue Procedure" on page no 267 of this Red Herring Prospectus.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares is ₹ 10 each. The Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (has been determined and justified by the BRLMs and the Issuer as stated under the section titled "Basis for Issue Price" on page no 77 of this Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after they are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

IPO GRADING

This Issue has been graded by ICRA Limited as2/5, indicating below average fundamentals through its letter dated December 18, 2012. The IPO grade is assigned on a five -point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. For details see section titled "General Information", "Regulatory and Statutory Disclosures" and Annexure-I on page nos. 47, 247 and 356 of this Red Herring Prospectus.

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 the Issuer and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page no 16 of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

SAFETY NET SCHEME

Mr. Chalavadi Naga Kanaka Durga Prasad, Mrs. Chalavadi Jhansi Rani, Mrs. P. Dhanalakshmi, Mr. Chalavadi D K Durga Rao, Mr. Annam Kalyan Srinivas, Mr. Annam Subash Chandra Mohan and Mr. Annam Venkata Rajesh who forms part of the Promoters / Promoter group of our Company, are providing Safety Net Scheme in this Issue. For further details refer page no 57 of this RHP.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. We have received an 'in-principle' approval from the BSE and the NSE, vide their letters dated July 27,2011and September 09, 2011 respectively. For the purposes of the Issue, the Designated Stock Exchange shall be BSE.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
Ashika Capital Limited 1008, 10th Floor, Raheja Centre, 214, Nariman Point, Mumbai-400021. Tel: +91-22-66111700 Fax: +91-22-66111710 Email: mbd@ashikagroup.com Website: www.ashikagroup.com Contact Person: Mr. Niraj Kothari/ Mr. Shriyash Kela SEBI Registration No.: INM000010536	**Vivro Financial Services Pvt. Ltd.** 1st Floor, Manu Mansion, 16/18, Shahid Bhagatsingh Road, Opp. Old Custom House, Fort, Mumbai-400 023. Tel: +91-22-22657364 Fax: +91-22-22658406 Website: www.vivro.net E-mail: kalamandir@vivro.net Contact Person: Mr. Tushar Ashar/ Ms. Yamini Dalal SEBI Regn. No: INM000010122	**Bigshare Services Pvt. Ltd.** E-2 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072. Tel: +91 22 40430200 Fax: +91-22–2847 5207 Email: ipo@bigshareonline.com Website: www.bigshareonline.com Contact Person: Mr. Babu Raphael SEBI registration number: INR000001385

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON	February 11, 2013	BID/ISSUE CLOSES ON	February 13, 2013

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SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
'SSKL', 'Sai Silks 'the Company', 'our Company', 'we', 'us', 'Our', or 'the Issuer'	Unless the context otherwise indicates or implies, refers to Sai Silks (Kalamandir) Limited , a company incorporated under the Companies Act, 1956

Company Related Terms

Term	Description
Articles /Articles of Association	Articles of Association of our Company, as amended
Auditors	The statutory auditors of our Company being, M/s. B. Vithlani & Co., Chartered Accountants, Hyderabad
Board/ Board of Directors	Board of Directors of our Company or a committee constituted thereof
Directors	Directors of our Company, unless otherwise specified
Equity Shares	Equity shares of our Company of ₹ 10 each fully paid-up, unless otherwise specified in the context thereof.
Memorandum / Memorandum of Association	Memorandum of Association of our Company, as amended.
Promoters	Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani
Promoter Group	The companies and the individuals mentioned in the section titled "Our Promoters and Promoter Group" on page no 154 of this Red Herring Prospectus.
Registered Office	6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad – 500016, Andhra Pradesh.

Conventional or General Terms or Abbreviations

Term	Description
A/c	Account
Act or Companies Act	The Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amounts
AY	Assessment Year
BPLR	Benchmark prime lending rate of the relevant bank
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Central Excise and Service Tax Appellate Tribunal
CIN	Corporate Identification Number
DB	Designated Branch
DIN	Director Identification Number
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
DIN	Director Identification Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository Participant's Identity
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation

Term	Description
ECS / NECS	Electronic Clearing Service / National Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Unless otherwise specified, Earnings Per Share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares during that fiscal year
FCNR	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
FI(s)	Financial Institution
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FOB	Freight On Board
FV	Face Value
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government /Govt	Government of India
HNI	High Networth Individual
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Mn / mn	Million
MOA/Memorandum/Memorandum of Association	Memorandum of Association of our Company
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI / Non Resident Indian	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
P/E Ratio	Price Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax

Term	Description
PBT	Profit Before Tax
PIO	Persons of Indian Origin
QIBs	Qualified Institutional Buyers as defined under regulation 2(1)(zd) of SEBI (ICDR) Regulations
QFI	Qualified Foreign Investors
RBI	Reserve Bank of India
RoC	Registrar of Companies, Andhra Pradesh
RONW	Return on Net Worth
Re. / Rs. / ₹	One Indian Rupee, the official currency of the Republic of India
RTGS	Real Time Gross Settlement
SAT	Securities Appellate Tribunal
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time
Sec.	Section
SIA	Secretariat for Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act
Sq. Ft.	Square Feet
Stamp Act	The Indian Stamp Act, 1899, as amended from time to time
State Government	The government of a State of India
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
TAN	Tax Deduction Account Number
TIN	Taxpayer Identification Number
UIN	Unique Identification Number
U.S./USA	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US$	United States Dollars
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time
WDV	Written Down value
w.e.f.	With effect from

Issue Related Terms

Term	Description
Allotment / Allotment of Equity Shares	Unless the context otherwise requires, the issue/allotment of Equity Shares, pursuant to the Issue.
Allotment	The advice or intimation of allotment of the equity shares sent to bidders who are to be allotted the equity shares after discovery of the issue price in accordance with the Book Building process, Including any revision thereof.
Allottee	A successful Bidder to whom the Equity Shares shall be allotted
Application Supported by Blocked Amount/ASBA	An application, whether physical or electronic, used by all Bidders to make a Bid authorising SCSBs, either directly or through Syndicate ASBA, to block

Term	Description
	the Bid Amount in their specified bank account maintained with the SCSB.ASBA is mandatory for QIBs and Non-Institutional Bidders participating in the Issue.
ASBA Account	An account maintained by the ASBA Bidder with the SCSB and specified in the Bid cum Application Form, which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA Bidder	Any Bidder who/ which intends to apply through ASBA and is applying through blocking of funds in a bank account with a SCSB
Ashika	Ashika Capital Limited, Book Running Lead Managers for the Issue
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in “Issue Procedure-Basis of Allotment” on page no 297 of this Red Herring Prospectus
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder pursuant to submission of Bid cum Application Form, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid/Issue Closing Date	The date after which the Syndicate / Sub-Syndicate Members / SCSBs /Syndicate ASBA will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a widely circulated Hindi national newspaper and a widely circulated Regional newspaper
Bid/Issue Opening Date	The date on which the Syndicate / Sub-Syndicate Members / SCSBs/Syndicate ASBA shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a widely circulated Hindi national newspaper and a widely circulated Regional newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe for our Equity Shares and which will be considered as the application for the issue of the Equity Shares pursuant to the terms of the Red Herring Prospectus and Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date (inclusive of both days) and during which Bidders can submit their Bids, including any revisions thereof
Book Building Process	The book building process as provided in Schedule XI of the SEBI (ICDR) Regulations, in terms of which this Issue is being made
BRLMs / Book Running Lead Managers	The book running lead managers to the Issue, in this case being Ashika Capital Limited and Vivro Financial Services Private Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	Any price within the Price Band finalised by our Company in consultation with the BRLMs. Only Retail Individual Bidders whose Bid Amount does not exceed ₹ 200,000, are entitled to Bid at Cut Off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at Cut-off Price
Controlling Branches	Such branches of the SCSBs which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchanges and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-

Term	Description
	Intermediaries
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account or Refund 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 successful Bidders.
Designated Stock Exchange	BSE Limited (BSE)
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus / Offer Document	The draft red herring prospectus / offer document issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars as to number of Equity Shares and as to price at which the Equity Shares are offered and the size (in terms of value) of the Issue.
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe the Equity Shares offered thereby
Eligible QFI	QFIs from such jurisdictions outside India (i) which are compliant with FATF standards and are signatories to the International Organisation of Securities Commissions ("**IOSCOs**") Multilateral Memorandum of Understanding; (ii) who have opened demat accounts with SEBI registered qualified depositary participants and (iii) where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered thereby.
Equity Shares	Equity shares of our Company of ₹ 10 each unless otherwise specified
Escrow Account(s)	The accounts opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount.
Escrow Agreement	An agreement to be entered into by our Company, the Registrar, BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks that are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account(s) will be opened and in this case being HDFC Bank Limited, ICICI Bank Limited and State Bank of India.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form..
Floor Price	The lower end of the Price Band, above which the Issue Price will be finalized and below which no Bids will be accepted.
Indian National	As used in the context of a citizen of India's defined under the Indian Citizenship Act, 1955, as amended, who is not a NRI
Issue / Public Issue	Public issue of [●] Equity Shares of ₹ 10 each of our Company for cash at a price of ₹ [•] per Equity Share (including share premium of ₹ [•] per equity share) aggregating to ₹ 8900.00 Lakhs.
Issue Period	The Issue period shall be [●] being the Bid /Issue Opening Date to [●] being Bid / Issue closing Date
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date.
Issue Proceeds	The proceeds of the Issue that would be available to our Company after receipt of final listing and trading approvals
Mutual Fund Portion	5% of the QIB Portion, equal to [●] Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion
Mutual Funds	Mutual fund(s) registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 35% of the Issue and comprising

Term	Description
	up to [●] Equity Shares available for allocation to Non Institutional Bidders, subject to valid Bids being received at or above the Issue Price
Non-Resident Indian/NRIs	A person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time
Non-Resident/NRs	All eligible Bidders that are persons resident outside India, as defined under FEMA, including Eligible NRIs, FIIs and FVCIs
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Bodies	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRI's including oversees trusts, in which not less than 60% of beneficial interest is irrevocably held by NRI's directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Securities by a Person resident outside India) Regulations, 2000.OCBs are not allowed to invest in this Issue
Price Band	Price band of a minimum price (floor of the price band) of ₹ [•] and the maximum price (cap of the price band) of ₹ [•] and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLMs and advertised in two national newspapers (one each in English and Hindi) and in one Regional newspaper with wide circulation at least five working days prior to the Bid/Issue Opening Date
Pricing Date	The date on which our Company in consultation with the BRLMs finalises the Issue Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Escrow Collection Bank(s) to receive monies from the Escrow Account on the Designated Date
Qualified Foreign Investors or QFIs	i. Resident in a country that is a member of Financial Action Task Force (FATF) or a member of a group which is a member of FATF; and ii. Resident in a country that is a signatory to IOSCO‟s MMOU (Appendix A Signatories) or a signatory of a bilateral MOU with SEBI: Provided that the person is not resident in a country listed in the public statements issued by FATF from time to time on (i) jurisdictions having a strategic Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies: Provided further such person is not resident in India: Provided further that such person is not registered with SEBI as a Foreign Institutional Investor or sub-account or Foreign Venture Capital Investor Explanation.-For the purposes of this clause: 1. The term "Person" shall carry the same meaning under Foreign Exchange Management Act (**FEMA**), 1999 and section 2(31) of the Income Tax Act, 1961; 2. The phrase "resident in India" shall carry the same meaning as in the FEMA 1999, and Income Tax Act, 1961; 3. "Resident" in a country, other than India, shall mean resident as per the direct tax laws of that country. 4. Bilateral MoU with SEBI" shall mean a bilateral MoU between SEBI and the overseas regulator that *inter alia* provides for information sharing arrangements. 5. Member of FATF shall not mean an Associate member of FATF.

Term	Description
IB Portion	The portion of the Issue being 10% of the Issue, comprising of [●] Equity Shares of ₹ 10 each to be allotted to QIBs on a proportionate basis , of which 5% shall be available for allocation on proportionate basis to Mutual Funds only, subject to receipts of valid bids at or above the Issue Price
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, 1956, FIIs and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million in accordance with applicable law and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India and Insurance Funds set up and managed by the army, navy or air force of the Union of India and Insurance Funds set up and managed by the Department of Posts in India.
Red Herring Prospectus / Offer Document	This red herring prospectus / offer document to be issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the ROC at least three (3) days before the Bid/ Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidders) shall be made
Refund Banker	Refund banker, in this case being State Bank of India
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through NECS, Direct Credit, NEFT, as applicable.
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited.
Resident Retail Individual Investor or RRII	Retail Individual Bidder who is a person resident in India as defined in the Foreign Exchange Management Act, 1999 and who has not Bid for Equity Shares for an amount more than ₹ 2,00,000 in any of the bidding options in the Issue
Retail Individual Bidder(s)	Individual Bidders (including HUFs) who have not Bid for Equity Shares for an amount more than ₹ 2,00,000 in any of the bidding options in the Issue (including HUF applying through their Karta and Eligible NRIs)
Retail Portion	The portion of the Issue being not less than 55% of the Issue, comprising of [●] Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Safety Net Scheme	An offer to purchase up to 1000 equity shares from Original Resident Retail Individual Allottee(s) as per terms and conditions of Safety Net Scheme entered into between our Company and Mr. Chalavadi Naga Kanaka Durga Prasad and others who are the Promoters / Promoter group of our Company
Safety Net Providers	Mr. Chalavadi Naga Kanaka Durga Prasad, Mrs. Chalavadi Jhansi Rani, Mrs. P. Dhanalakshmi, Mr. Chalavadi D K Durga Rao, Mr. Annam Kalyan Srinivas, Mr. Annam Subash Chandra Mohan and Mr. Annam Venkata Rajesh
Self Certified Syndicate Bank or SCSB	The Banks which are registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	Agreement entered into between the Syndicate Members and our Company in relation to the collection of Bids in this Issue

Term	Description
Syndicate ASBA/Members of the Syndicate	The Syndicate Members / Sub-syndicate Members (Stock Brokers registered with SEBI), who procure the ASBA forms from the investors, upload the bid and other relevant details of such ASBA forms in the bidding platform provided by the stock exchanges and forward the same to the designated SCSBs
Syndicate ASBA Centres	Centres established by the Escrow Collection Banks at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Baroda and Surat, and such other centres as may be prescribed by SEBI from time to time. The list of SCSBs branches to accept Bid cum Application Form from the Syndicate ASBA/Trading Members is available on the website http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Syndicate Member(s)	Ashika Capital Limited and Vivro Financial Services Private Limited
Trading Members / Non-Syndicate Members	Individuals or companies registered with SEBI as "Trading Members" (except Syndicate / Sub-Syndicate Members) who hold valid membership of either BSE or NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on http://www.bseindia.com/members/MembershipDirectory.aspx & http://www.nseindia.com/membership/dynaContent/find_a_broker.htm
TRS / Transaction Registration Slip	The slip or document issued by the Syndicate or Syndicate ASBA / Trading Members / SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The Agreement between the Underwriters and our Company to be entered into on or after the Pricing Date
Vivro	Vivro Financial Services Private Limited, Book Running Lead Managers for the Issue
Working Day	All days other than a Sunday or a public holiday (except during the Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Industry Related Terms / Abbreviations

Term	Description
AEPC	Apparel Export Promotion Council
ADPA	African Diamond Producers Association
AP	Andhra Pradesh
APCPDCL	Andhra Pradesh Central Power Distribution Company Limited
APERC	Andhra Pradesh Electricity Regulatory Commission
APSEB	Andhra Pradesh State Electricity Board
BBA	Bombay Bullion Association
BMI	Board Marketing Index
B & M	Buying & Merchandising
BUA	Built Up Area
CAD	Computer Aided Designing
CAGR	Compounded Annual Growth Rate
CAM	Computer Aided Manufacturing
CBGA	Central Bank Gold Agreement
Chola MS	Cholamandalam MS General Insurance Company Ltd.
COMEX	Commodities Exchange
DEPB Scheme	Duty Exemption Pass Book Scheme
DGCI&S	Directorate General of Commercial Intelligence and Statistics
DIPP	Department of Industrial Policy and Promotion
DISCOM	Electricity Distribution Company
EOU's	Export Oriented Units
EPCG Scheme	Export Promotion Capital Goods Scheme
ERP	Enterprise Resource Planning
FYP	Five Year Plan

GATT	General Agreement on Tariff and Trade
GBI	Generation Based Incentive
GDP	Gross Domestic Product
GFMS	Gold Fields Mineral Services
GJEPC	Gem and Jewellery Export Promotion Council
GJTCI	The Gem and Jewellery Trade Council of India
GOAP	Government of Andhra Pradesh
GJF	Gold Trade Federation
GRDI	Global Retail Development Index
HT	High Tension
ICBC	Industrial and Commercial Bank of China
ICEX	Indian Commodity Exchange Ltd
IIJS	Indian International Jewellery Show
IIJW	Indian International Jewellery Week
IMF	International Monetary Fund
IT/ ITES	Information Technology/ Information Technology Enabled Services
KPCS	Kimberley Process Certification Scheme
KW	Kilo Watt
KWH/ kWh	Kilo Watt Hours
LFS	Large Format Stores
MBO	Multi Brand Outlets
MIBOR	Mumbai Inter Bank Offer Rate
MMF	Man-Made Fibre
MMTC	Metals Trading Corporation of India Limited
MNRE	Ministry of New and Renewable Energy
MRP	Maximum Retail Price
MW	Mega Watt
NCES	Non Conventional Energy Sources
NCR	National Capital Region
NCS	National Chain Store
NEDCAP	Non-Conventional Energy Development Corporation of Andhra Pradesh
OTC	Over the Counter
PPA	Power Purchase Agreement
Retail	The word "Retail" appearing in the Red Herring Prospectus, Application Form, or any other information material or document regarding the Issue unless otherwise required is expressly intended only to indicate and describe that the term retail be read and understood as "The sale of readymade garments and accessories sold under its brand name "KALAMANDIR", "MANDIR" & "VARAMAHALAKSHMI" directly to ultimate consumers through its retail outlets, large format stores."
RTS	Ready to Stitch
RTW	Ready to Wear
SAP	Systems, Applications and Products in data Processing
SEZ	Special Economic Zone
SEPC	Shriram EPC Limited
SITP	The Scheme for Integrated Textile Park
SKD	Salwar Kameez Dupatta
SKU	Store Keeping Units
SSI	Small Scale Industry
SSJPL	Sai Swarnamandir Jewellers Pvt. Ltd.
SRTEPC	The Synthetic and Rayon Textile Export Promotion Council
STT	Securities Transaction Tax
TAI	Textile Association of India
TUFS	Technology Upgradation Fund Scheme
VAT	Value Added Tax
WEGs	Wind Energy Generators
WGC	World Gold Council

WTO	World Trade Organization

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and the SEBI (ICDR) Regulations, which are included in this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year. Our Company only has unconsolidated financial statements for the year ended March 31, 2008, for the period ended July 2, 2008 (partnership converted to public limited company w.e.f. July 3, 2008), from July 3, 2008 to March 31, 2009, March 31, 2010, March 31, 2011, March 31, 2012 and for the period ended October 31, 2012 as our Company does not have any subsidiaries.

There are significant differences between Indian GAAP, IFRS and US GAAP. 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. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, Companies Act and SEBI (ICDR) Regulations on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding-off. Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP.

Industry and Market Data

Unless stated otherwise, market and industry data used in this Red Herring Prospectus has generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the animation industry in India and methodologies and assumptions may vary widely among different industry sources.

NOTICE TO INVESTORS

The Equity Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as "QIBs") in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

This Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which is the subject of the placement contemplated in this Red Herring Prospectus should only do so in circumstances in which no obligation arises for our Company or any of the Underwriters to produce a prospectus for such offer. None of our Company and the Underwriters have authorised, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in this Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results and property valuations to differ materially from our expectations include, but are not limited to, the following:

- 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 industry in which we operate;
- Our ability to successfully implement the growth strategy , our growth and expansion, technological changes, our exposure to market risk that have an impact on our business activities or investments;
- Our ability to meet our capital expenditure requirements;
- Our ability to attract and retain qualified personnel;
- The performance of financial markets in India;
- Change in political and social conditions in India;
- The occurrence of natural disasters or calamities.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page nos 16 and 221 of this Red Herring 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 the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II- RISK FACTORS

An investment in equity shares involves a degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain, a complete understanding of our Company, you should read this section in conjunction with the sections titled "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page nos 107 and 221 of this Red Herring Prospectus as well as the other financial and statistical information contained in the Red Herring Prospectus. If the following risks occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline.

Materiality:

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

a) Some events may not be material individually, but may be found material collectively.

b) Some events may have material impact qualitatively instead of quantitatively.

c) Some events may not be material at present but may have material impact in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

INTERNAL RISK FACTORS

1. **Our Company and its Promoters/Directors are involved in certain legal proceedings and may incur certain liabilities if the cases are decided against them.**

   Our Company and its Promoters/ directors are involved in a few legal cases including among others, civil and criminal proceedings. Till date, it is believed that these cases are not material to our Company's business as a whole. However, in the event that all of the cases are decided against them, they could have a material adverse effect on our Company's financials.

   The proceedings involving our Company, its Promoters and directors are pending before different authorities at different levels of adjudication, details whereof are as under:

Involving our Company

(₹ In Lakhs)

Nature of proceeding	Number of cases	Approximate Amount Involved
Writ Petition	1	Monetary claim not ascertainable
IT Proceedings – AY 2009-10	1	39.14
Compounding Proceedings under Companies Act	2	Monetary claim not ascertainable
Revenue Proceedings	1	9.04
FIR filed by our Company for misappropriation of stock by its employee	1	31.00

Involving our Company's Promoters/ Directors

Nature of proceeding	Number of cases	Approximate amount involved
Adjudication proceedings against Mr. Chalavadi Naga Kanaka Durga Prasad u/s. 16(1) of FEMA Act, 1999	1	₹ 50.26 Lakhs is the sum involved in the alleged contravention. Maximum likely penalty is ₹ 150.77 Lakhs
Complaint against Mr. N. Naveen for alleged violations of sections 116 & 628 of Companies	1	Monetary claim not ascertainable

Act, 1956; and section 477 & 477A of the Indian Penal Code		
Declaratory suit filed by Ms. Anita Sakuru	1	Monetary claim not ascertainable

The amounts claimed/ involved in these proceedings have been disclosed to the extent ascertainable (excluding contingent liabilities such as penalties, interest, etc.) and include amounts claimed jointly and severally from our Company / its Directors. The aggregate maximum amount of liability that our Company / its Promoters may incur if all the cases were to go against it would be about ₹ 198.95 lakhs.

For further details of outstanding litigation pending against our Company its Promoters/ Directors please refer section titled "Outstanding Litigation and Material Developments" beginning on page 238 of this Red Herring Prospectus.

2. **Adjudication proceedings against Promoter of our Company for alleged violations of FEMA are pending before the Deputy Director, Directorate of Enforcement, Government of India Hyderabad and any adverse finding may affect the image and reputation of our Company.**

A Complaint under section 16(3) of FEMA has been filed against Mr. Chalavadi Naga Kanaka Durga Prasad ("Durga Prasad"), Chairman and Managing Director of our Company before the Deputy Director, Directorate of Enforcement, Hyderabad ("**Adjudicating Authority**") by the Assistant Director, Directorate of Enforcement, alleging Mr. Durga Prasad *inter alia* of having contravened certain provisions of FEMA. Mr. Durga Prasad had earlier also received summons (under Section 37 of FEMA read with Section 131 of the Income Tax Act, 1961) in connection with investigation being carried out by the said Assistant Director directing him to appear before the said authorities along with relevant documents/information. Mr. Durga Prasad has appeared before the Assistant Director, Directorate of Enforcement on 07.05.2009 and has submitted the relevant information as sought by the authorities. Thereafter, Mr. Durga Prasad has received show cause notice dated 29.08.2011 from the Adjudicating Authority requiring him to show cause as to why adjudication proceedings u/s 16(1) of FEMA should not be initiated against him and as to why penalty should not be imposed on him under u/s. 13(1) of FEMA for contravening provisions of section 3(b) of FEMA by making payments of ₹38,60,000/- and ₹11,65,503/- aggregating to ₹50,25,503/- during the period March 2002 to January 2003 to Mr. Pennam Sudhakar of USA through persons resident in India namely, Mr. G. Venu and Mr. Srikanth. Mr. Durga Prasad vide letter dated 26.09.2011 submitted detailed reply to the above show cause notice. The said matter is pending before the Adjudicating Authority. A maximum monetary penalty of ₹ 1, 50, 76,509/- i.e. thrice the sum involved in the alleged contravention (i.e. ₹ 50, 25,503/-) can be imposed by the Adjudicating Authority. Further in addition to the penalty so imposed by the Adjudicating Authority, the Authority may also, if deems fit, direct that any currency, security, other money, property, etc. in respect of which the contravention has taken place be confiscated by Central Government and further direct that foreign holdings, if any, held by Mr. Durga Prasad be brought back into India or retained outside India. Any adverse finding may affect the image and reputation of our Company.

For further details, please refer to section titled "Outstanding Litigations and Material Developments" beginning on Page 238 of this Red Herring Prospectus.

3. **Our operations are subject to high working capital requirements. Our inability to maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet requirement of working capital or pay out debts, could adversely affect our operations.**

Our business requires significant amount of working capital. Major Portion of our working capital is utilized towards inventory. We have been sanctioned working capital facilities including Stand by Line of Credit of ₹ 7500.00Lakhs and as on October 31, 2012 the outstanding working capital amount is ₹ 7721.99 Lakhs. All these factors may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the section "Objects of Issue" on page no 70 of this Red Herring Prospectus.

4. **We are substantially dependent on few suppliers, which are Promoter Group Entities viz. Sai Swarnamandir Jewellers Private Limited & M/s Sai Retail India for supply of jewellery & textiles (mainly sarees) respectively. Any failure on their part to perform their obligations may have an adverse impact on our operations & financial condition.**

Our Company is substantially dependent on two of our Promoter Group Entities viz. Sai Swarnamandir Jewellers Private Limited and M/s Sai Retail India for the supply of jewellery and textiles (mainly sarees) respectively. Details of the contribution by our Promoter Group Entities to the total purchases of our Company are as under:-

Sr. No	Financial Year 2008-09		Financial Year 2009-10		Financial Year 2010-11		Financial Year 2011-12		Period Ended October, 2012	
	Purchases Amount (₹ in Lakhs)	% of Purchases	Purchases Amount (₹ in Lakhs)	% of Purchases	Purchases Amount (₹ in Lakhs)	% of Purchases	Purchases Amount (₹ in Lakhs)	% of Purchases	Purchases Amount (₹ in Lakhs)	% of Purchases
1.	2477.69	21.05	7744.07	51.23	9794.34	45.11	9753.61	47.18	6364.59	41.73
2.	871.52	7.41	5241.59	34.68	10172.93	46.85	9024.05	43.66	7547.50	49.48
Total	**3349.21**	**28.46**	**12985.66**	**85.91**	**19967.27**	**91.96**	**18777.66**	**90.84**	**13912.09**	**91.21**

Sr. No. 1-Sai Swarnamandir Jewellers Private Limited
Sr. No. 2- M/s Sai Retail India

The aforesaid products are being supplied by the said promoter group entities to our Company and there is no written agreement between us and M/s Sai Retail India. Non-supply of the products by the said promoter group entities due to any failure on their part or for any reason whatsoever may have an adverse impact on our operations & financial conditions.

5. **If we are unable to effectively manage our expanded operations or pursue our growth strategy, our business prospects, financial condition and results of operations may be adversely affected.**

Our business and operations have grown rapidly since Financial Year 2007-08. We have expanded our retail outlets from one retail outlet as on August, 2005 to 15 retail outlets as on date. Our revenue from operations have increased from ₹ 6477.05 Lakhs in the Financial Year 2007-08 to 26276.19 Lakhs in the Financial Year 2011-12 at a Compounded Annual Growth Rate ('CAGR') of 41.92%, while our profit after tax increased from ₹ 109.78 Lakhs in the Financial Year 2007-08 to ₹1169.25 Lakhs in the Financial Year 2011-12 at a CAGR of 80.65%.

As we expand our retail network, we will be exposed to various challenges, including understanding the different cultures and customer preferences, competition, recruiting, training and retaining sufficient skilled management and marketing personnel, developing and improving our internal administrative infrastructure and other internal systems. Our historical growth rates or results of operations are not representative or reliable indicators of our future performance. Our inability to effectively manage expanded operations or pursue our growth strategy may adversely affect our business, financial condition and results of operation.

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

Our Company has issued following Equity Shares in last one year at a price which may be lower than the issue price:

Date of Allotment	Name of the Allottees	No. of Equity Shares	FV (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment	Whether part of Promoter / Promoter Group
April 1, 2011	Mr. Chalavadi Naga Kanaka Durga Prasad	1,76,000	10	75	Cash	Further Issue of Shares	Yes
	Mrs. Chalavadi Jhansi Rani	20,900	10	75	Cash	Further Issue of Shares	Yes
	Mr. Annam Kalyan Srinivas	15,400	10	75	Cash	Further Issue of Shares	Yes
	Mr. Annam Subash Chandra Mohan	4,400	10	75	Cash	Further Issue of Shares	Yes

	Ms. Annam Suchitra	1,100	10	75	Cash	Further Issue of Shares	Yes
	Ms. Annam Sowjanya	1,100	10	75	Cash	Further Issue of Shares	Yes
	Mr. Annam Venkata Rajesh	1,100	10	75	Cash	Further Issue of Shares	Yes

The price at which the Equity Shares were being issued in last twelve months is not indicative of the price which may be offered in the issue For Further details of equity shares issue; please refer to chapter titled 'Capital Structure' beginning on page 60 of the RHP.

7. **Our Company has certain outstanding statutory dues which could adversely affect the financial conditions and business operations.**

Our Company has certain outstanding statutory dues as on October 31, 2012 which are as under;

Financial Year	Nature of dues	Amount (₹ In Lakhs)
2008-09	Income tax and interest thereon	36.06
	Fringe benefit tax and interest thereon	10.30
	Gratuity liability for employees as per AS 15 on Employee Benefits issued by Institute of Chartered Accountants of India ('ICAI")	11.04
2009-10	Income tax and interest thereon	9.33
	Gratuity liability for employees as per AS 15 on Employee Benefits issued by ICAI.	10.29
2010-11	Gratuity liability for employees as per AS 15 on Employee Benefits issued by ICAI.	13.07
2011-12	Income tax and interest thereon	41.64
	Gratuity liability for employees as per AS 15 on Employee Benefits issued by ICAI.	18.17
TOTAL		**149.90**

In the event that any or all of these dues gets crystallized, our financial condition may be adversely affected. For further details, please refer to section titled "Outstanding Litigations and Material Developments" beginning on page no 238 of this Red Herring Prospectus.

8. **Our Company has negative cash flows from its operating activity, investing activity and financing activity for the financial year 2007-08 to to 2011-12. and for the period ended October 31, 2012. Sustained negative cash flow could impact our growth and business.**

We had negative cash flows from operating activity, investing activity and financing activity during financial year 2007-08 to 2011-12 and for the period ended October 31, 2012, as indicated in the table below:

(₹In Lakhs)

Particulars	October 31, 2012	2011-12	2010-11	2009-10	For Period July 3, 2008 to March 31, 2009	For Period April 1, 2008 to July2, 2008	2007-08
Net Cash generated/ (utilised) from Operating Activities	(424.22)	85.39	1108.34	1077.41	(2572.68)	(60.57)	23.13
Net Cash utilised in Investing Activities	(1103.73)	(294.95)	(1738.91)	(18.56)	(576.47)	(150.01)	(699.89)
Net Cash generated / (utilised) from Financing Activities	1552.22	195.40	824.65	(1012.56)	3078.38	50.55	963.86

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. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

9. **Our Company has availed ₹ 350.12 Lakhs as unsecured loan which are repayable on demand. Any demand from the lenders for repayment of such unsecured loan may affect our cash flow and financial condition.**

Our Company, as per the restated audited financial statement as on October 31, 2012, has availed total sum of ₹ 350.12 Lakhs as unsecured loan from our Promoter & Promoter Group, which may be recalled at any time. For further details, please refer to the section "Unsecured Loans" under "Financial Statements" on page no. 200 of this RHP. Any demand for the repayment of such unsecured loan, may adversely affect our cash flow and financial condition.

The terms and conditions of such borrowed amount from promoter, promoter group is as under:

Sr. No.	Terms and Conditions	Particulars
1.	Rate of Interest	Nil
2.	Security	Unsecured
3.	Tenure	Repayable on demand

10. **We have entered into related party transactions for a net aggregate amount of ₹ 14594.99 lakhs for the period ended October 31, 2012 and there is no assurance that we may not continue to do so in future which may have an adverse effect on our Company's financial condition and results of operations.**

We have entered into a number of related party transactions. The net aggregate amount of related party transaction for the period ended October 31, 2012 is ₹ 14594.99 lakhs. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have obtained more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into such related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details related to such transactions refer to section titled 'Financial Statements'- Related Party Transactions beginning on page no 216 of this RHP.

11. **One of our promoter group entities has incurred loss in one out of last three financial years.**

Our group entity Kalamandir Foundation has incurred a loss of ₹ 0.82 Lakhs for the F.Y. 2011-12. For further details regarding the performance of our group entities, please refer to the section "Promoter Group Entities" in the Chapter "Our Promoter And Promoter Group" on page 154 of this Red Herring Prospectus.

12. **Our Company's Trade Receivables, Trade Payables and Loans & Advances are subject to confirmation and reconciliation. There may be delays / disputes in collections / payments which may adversely affect our business and results of operations.**

Out of the revenue of ₹26276.19 Lakhs & ₹ 16815.97 Lakhs for the financial year ended March 31, 2012 & for the period ended October 31, 2012 respectively, trade receivables of ₹ 114.24 Lakhs & ₹ 105.97 Lakhs are outstanding. However, trade receivables of ₹ 52.82 Lakhs and ₹ 68.64 Lakhs only were subject to confirmation for the financial year ended March 31, 2012 & for the period ended October 31, 2012 respectively. Further, these trade receivables are outstanding for a period less than six months.

Also, out of the total purchases of ₹ 20670.16 Lakhs & ₹ 15253.36 Lakhs for the Financial Year ended March 31, 2012 & for the period ended October 31, 2012 respectively, trade payable amounting to ₹ 890.73 Lakhs & ₹ 1265.58 Lakhs was outstanding for payment. However, trade payables of ₹ 615.21 Lakhs and ₹ 594.38 Lakhs only were subject to confirmation for the financial year ended March 31, 2012 & for the period ended October 31, 2012 respectively.

Also, we have outstanding Loans & Advances of ₹ 377.46 Lakhs & ₹ 1243.28 Lakhs for the Financial Year ended March 31, 2012 & for the period ended October 31, 2012 respectively. However, Loans &

Advances of ₹ 182.63 Lakhs and Rs. 302.33 Lakhs only were subject to confirmation for the financial year ended March 31, 2012 & for the period ended October 31, 2012 respectively.

Our operations involve significant working capital requirements and delay / dispute in collection of receivables and/or Loans & Advances could adversely affect our liquidity and results of operations. Most of our purchases are on credit and any delay in payment may result in delay of supply of the products.

13. **Our Company has filed the Draft Red Herring Prospectus for the Issue of our Equity Shares for second time. There can be no assurance that our Company will not exercise the right not to proceed with the Initial Public Offering, if the circumstances so warrant.**

    Our Company had earlier filed the Draft Red Herring Prospectus dated July 09, 2009 with Southern Regional Office of SEBI (herein after referred to as "SEBI-SRO") as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and had also obtained in-principle approval for listing of its Equity Shares from BSE and NSE. While the Draft Offer Document was still pending with SEBI-SRO, our Company decided not to proceed with the proposed issue on account of substantial lapse of time and change in Company's corporate plans. After bringing suitable improvements in the business model, our Company has filed the DRHP for the second time for the Initial Public Offer of its Equity Shares. Our Company may not proceed with the Initial Public Offering, if the circumstances so warrant.

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

    Some of our Group Entities such as M/s. Sai Readymades, M/s. Sai Retail India and Sai Swarnamandir Jewellers Pvt. Ltd. are involved in a similar line of business as that of Our Company i.e. textile, retail, jewellery trading, etc. As on date, Our Company has not signed any non-compete or such other agreement / document with our Group Entities, thus the interests of these entities may conflict with Our Company's interests and / or with each other's if these entities expand their business in the future. For further details, please refer to the chapters titled '*Business Overview*', *'Our Promoters and Promoter Group'*, beginning on page no 107 and 154, respectively and Annexure 23 titled *'Statement of Related Party Transactions'* beginning on page no 216 of this Red Herring Prospectus.

15. **Our Company may face legal consequences for certain approvals obtained / agreements entered into by it in relation to wind power business prior to amendment of Objects Clause of Memorandum of Association.**

    Our Company had pursuant to Board Resolution dated August 5, 2010 authorized the amendment to its Memorandum of Association to undertake business activities relating to wind power generation, transmission and sale. However, pending amendment of Object Clause of Memorandum of Association and shareholders' approval by way of special resolution u/s 149(2A) of the Companies Act, 1956 to undertake wind power business activities, our Company has taken effective steps viz. entered into certain agreements including financing agreements, project related agreements including placing purchase/ work orders with Shriram EPC Ltd. on August 11, 2010 for an aggregate amount of about ₹ 1120.00 Lakhs and an agreement dated August 17, 2010 with NEDCAP for setting up and commissioning of its 2 MW wind power plant at Kurnool, Andhra Pradesh on the terms and conditions contained therein. Subsequently, the shareholders' resolution to this effect was passed at our Company's EGM held on February 17, 2011 and the same was filed with the Registrar of Companies, Andhra Pradesh ('**ROC**') for giving effect to the alteration of the Object Clause. ROC has since confirmed the alteration of Object Clause vide certificate dated March 28, 2011 issued u/s 18 (1) of the Companies Act, 1956.

    By obtaining the aforesaid confirmation from the ROC for alteration of Object Clause, our Company has substantially complied with the legal requirement and hence, the risk of challenge to the approvals obtained / agreements entered into by our Company prior to March 28, 2011 (i.e. effective date of amendment of Memorandum of Association) has been mitigated to a large extent. However, if in any legal proceedings, the aforesaid actions of our Company taken prior to March 28, 2011 are challenged successfully, then such approvals obtained / agreements entered into by our Company may be rendered voidable. This in turn may cause material adverse effect on our Company's financials and operations.

16. **Our Company's wind power activity requires a number of statutory and regulatory permits and licences to operate and any delay or inability to obtain or renew the same in a timely manner may have an adverse impact on its business.**

In order to implement and operate wind power plant, our Company requires several statutory and regulatory permits, licences, registrations and approvals to carry on its operations. Such approvals/licences (whether in the form of written agreements, letters or otherwise) are typically subject to conditions, some of which could be onerous and require our Company to make substantial expenditures. Many of such approvals/ licences are granted for fixed period and need renewal from time to time subject to satisfaction of certain conditions. A part of land admeasuring approx 3.74 acres on which our Company has commissioned its 2MW wind farm project is currently not in the name of our Company. The said land was originally allotted to Shriram EPC and Shriram EPC has applied to get the same transferred in favour of our Company. The said land being revenue land is subject to certain restrictive conditions *inter alia* such as non-utilization of land for any purpose other than those specified. There cannot be any assurance that the relevant authorities will issue such permits / approvals to our Company or that they will issue them in time. Failure to obtain or retain any of the required approvals or licenses, or failure to comply with conditions stipulated therein could have an adverse effect on our Company's wind power business and future plans.

For further details on approvals relating to wind power activity, please refer to the section titled "Government Approvals/Licensing Arrangements" beginning on page 242 of this Red Herring Prospectus.

17. **Our Company requires certain approvals, permits and licenses on a continuous basis for conducting its business, and any failure or delay to obtain or renew them may adversely affect its operations.**

Our Company requires certain statutory and regulatory permits and approvals in order to effectively run its business. Our Company has obtained or applied for most of the approvals and permits required for it to successfully carry out business operations. However, our Company may also need to apply for more approvals in the future and renew approvals that may expire from time to time. Further, these permits, licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to ensure compliance with such conditions to authorities, which may lead to cancellation, revocation or suspension of relevant permits/licenses/approvals. Furthermore, even if our Company complies with conditions laid by the statutory authorities, there can be no assurance that the relevant authorities will issue such permits, licenses or approvals within the timeframe anticipated by our Company or at all. Failure by our Company to renew, maintain or obtain the required permits or approvals within the requisite time may not only result in the interruption of its operations but may also have a material adverse effect on our Company's business, financial condition and results of operations. Further, with respect to any retail outlets that are to be opened in the future, our Company will be required to make the necessary applications for the statutory and regulatory permits and approvals, before opening such retail outlets.

The following table sets forth information relating to all the approvals that are required to be applied for and those that have been applied for but not yet obtained:

I. Approvals to be applied for

1. Application for registration under Tamil Nadu Shops and Establishments Act, 1947 w.r.t. Kanchipuram retail outlet

II. Approvals applied for but not yet obtained

Sr. No.	Particulars
1.	16 applications for registration of trademarks (under different classes) under the Trademarks Act, 1999
2.	1 application for use of trade mark "KALAMANDIR" (No. 1384933) under Class 24 by our Company as its Registered User
3.	7 applications for renewal of registration under A.P. Shops & Establishments Act, 1988 in respect of its retail outlets situated in the State of Andhra Pradesh
4.	1 Application for registration made under Tamil Nadu Industrial Establishments (National and Festival Holidays) Act, 1958 w.r.t. Kanchipuram retail outlet
5.	Application made by Shriram EPC (present allottee) for transfer of the revenue land bearing survey nos. 690, 691/1, 691/3 and 692, Thummalapenta village of Kondameedipalli Mabndal Village, Kolimigundla Mandal, Kurnool, A.P. in favour of our Company

For further details on government approvals and licences, please refer to the section titled "Government Approvals/Licensing Arrangements" beginning on page 242 of this Red Herring Prospectus

Although our Company believes that its operations are in material compliance with applicable laws and regulations, regulatory authorities may allege non-compliance and may subject our Company to regulatory action in the future, including penalties and other legal proceedings. Further, due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditure to comply with these regulatory requirements may vary substantially from those currently in effect.

18. Our Company's Power Purchase Agreement (PPA) with Central Power Distribution Company of Andhra Pradesh Limited ("APCPDCL") or any other PPA that our Company may enter into in the future may expose our Company to certain risks that may affect our Company's future results of operations.

Our Company's profitability in its power business will largely be a function of its ability to manage its costs during the terms of its PPAs and operate its power projects at optimal levels. If our Company is unable to manage its costs effectively or operate its power projects at optimal levels, its business prospects, financial condition and results of operations may be adversely affected. In the event, our Company defaults in fulfilling its obligations under its PPA with APSEB or under any other PPA that our Company will enter into in the future, it may be liable to penalties including termination of such PPAs.

To the extent tariffs are market driven, the price at which our Company sells power may have little or no relationship to its cost of supplying power. In PPAs with government entities, our Company may also face difficulties in enforcing the payment provisions, as compared to PPAs that our Company may have with the private entities.

19. Our Company does not have a registered trademark. Our Company has filed applications for registration of certain trademarks. However, inability or failure to protect and ensure successful registration of the trademarks may adversely affect our business on account of possible misuse by any third party.

Presently, our Company does not have a registered trademark of its own. Since our Company's products (mostly sarees) differ in quality, colour, designs, patterns, etc. from other competing products in the market; our Company requires a brand to market its products. Our Company has been marketing its products under the brand name "KALAMANDIR", "MANDIR" & "VARAMAHALAKSHMI". The trade mark "KALAMANDIR" (No. 1384933) under Class 24 is registered in the name of one of our Company's Promoter, Mrs. Chalavadi Jhansi Rani ("Mrs. Jhansi Durga Prasad")., Our Company [erstwhile M/s Sai Silks (partnership firm)] had entered into a Licence cum User Agreement on 01.10.2005 with Mrs. Jhansi Durga Prasad for using this trademark for a period of 10 years. However, the said Licence cum User Agreement was not registered with the concerned trademark authorities. After conversion of the partnership firm M/s. Sai Silks into a private limited company Sai Silks (Kalamandir) Private Ltd. and further into a public limited company in May 2009, the parties decided to enter into a fresh licence cum registered user agreement on the conditions inter alia that our Company shall use, advertise and maintain the said trade mark, for Company's business promotion and trading for a period of five years on payment of annual royalty of ₹1,00,000/- per retail outlet subject to maximum of ₹ 49,00,000/- per annum. Since the proposed arrangement with our Promoter is a related party transaction, our Company required prior approval of the Central Government. Our Company has sinceobtained approval from the Central Government vide the authority's Letter No. 10/297/AP/04/2011 dated August 1, 2011 for entering into a License cum User Agreement with the Promoter. Subsequently, our Company entered into a fresh Licence cum Registered User Agreement with the Promoter for a period of five years w.e.f. August 1, 2011 till July 31, 2016. Pursuant to the aforesaid License cum User Agreement, our Company has filed an application on 17.08.2012 with the Trade Mark Registry for using the said trade mark as a Registered User. In the event, our Company is unable to get itself registered as the Registered User of the said trade mark or the Registered User License Agreement is terminated or not renewed, our Company may not be able to use the said trade mark as its Registered User.

In addition to the above, our Company has made in aggregate 16 applications to the Trade Marks Registry, Chennai to get its trademarks "ONLY SILK", "FASHION", "MANDIR", "KALAMANDIR" and "VARAMAHALAKSHMI" registered under the Trade Marks Act under different Classes. However, until its name is entered on the trademark register, our Company cannot prohibit the use of such trademark by third parties by means of statutory protection. In the event of its trademark being subjected to any challenge or there being a delay in registration in future, our Company's business and results of operations may be affected adversely.

For further details relating to the trademark applications, please refer to the section titled "Government Approvals" beginning on page 242 of this Red Herring Prospectus.

20. We have certain contingent liabilities which have not been provided for and if any of them crystallizes, it could adversely affect our financial condition.

As per our Audited financials for the period ended on October 31, 2012 contingent liabilities of our Company are as follows:

(₹In Lakhs)

Sr.No.	Particulars	31.10.2012
1.	**Income Tax**	
	Assessment Year 2009-10	3.45
2.	**Corporate Guarantee to** State Bank of India for Sai Swarnamandir Jewellers (P) Limited	2200.00
3.	**Service tax on rental premises in Bengaluru**	Monetary claim not ascertainable

For further details, please refer to section titled "Legal and other information" on page no 238 of this RHP

21. We have certain financial indebtedness which could adversely affect our financial condition and results of operations and further we may not be able to meet our obligations under the debt financing agreements.

We have secured loan aggregating to ₹ 9798.97 Lakhs as on October 31, 2012 from commercial banks. In the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lenders could declare us to be in default, accelerate the maturity of our obligations or takeover our project or even sell our Company's movable and immovable assets. We cannot assure investors that in the event of any such acceleration we will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations.

Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flows generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings. Incurring significant indebtedness may limit our flexibility in planning for or reacting to changes in our business & industry and limit our ability to borrow additional funds.

For further details on our financial indebtedness, please refer "Financial Indebtedness" beginning on Page 233 of this RHP.

22. We are dependent on key managerial personnel and loss of such key managerial persons and/or our inability to attract and retain such talented professionals in the future, could affect us adversely.

Our company believes that its success depends on its continued ability to retain and attract skilled and experienced executive personnel. While our company has retained its key management personnel in the past, should it fail to retain them in future, it may find it difficult to find suitable replacements with similar knowledge and experience. The company is dependent on its ability to identify, hire, train, manage and retained skilled and management personnel and it may face a risk in realizing its business objective in the event of attrition of key management personnel.

23. There can be delay in the setting up of the Retail Outlets for which ₹ 1273.33 Lakhs have been earmarked in this Issue. This may affect our financial condition and result of operations.

We have plans of setting up 4 Retail Outlets in major cities of Southern India. We have finalized the location for the proposed outlets but have not yet entered into any lease agreement with the property owners,. We cannot assure that we will be able to expand and grow at the rate at which we may desire to, as we may not be able to find suitable space in a particular location that we believe will be necessary for implementing our marketing strategies and the same may have a material impact on our results of operation. For further details, refer to "Objects of the Issue" on page no 70 of this Red Herring Prospectus.

24. **Brand promotion activities may not yield increased revenues, and even if they do so, any increased revenues may not offset the expenses which we incur.**

We believe brand promotion; particularly in businesses like retail industry will be critical to achieve widespread recognition of our products and services. Out of the Issue Proceeds, our Company proposes to utilize ₹ 850.00 Lakhs for brand promotion. For details please refer to chapter "Objects of the Issue" on page no 70 of this Draft Red Herring Prospectus.Promoting and positioning the brand will depend largely on the success of our marketing efforts and our ability to provide quality products and services. Brand promotion activities may not yield increased revenues, and even if they do so, any increased revenues may not offset the expenses which we incur in building our brand. If we fail to promote and maintain the brand, our financial conditions and results of operations could be adversely affected.

25. **Our proposed expansion plans are fully dependent on the success of this Initial Public Offer.**

Implementation of the Object of the issue is entirely dependent on receipt of the issue proceeds. Any delay in the issue process or any under-subscription of equity shares offered as part of this issue could adversely affect our growth plans and hence our business. Further, in the event there is an increase in the expenditure required to be incurred by us in respect of our objects, consequent to increase in cost, change in laws, or for any other reasons and we are not able to meet the cost overruns, it could adversely affect our growth plans and profitability.

26. **Out of the Proposed Issue proceeds of ₹ 8900.00 Lakhs, cost of the interiors for setting up retail outlets on lease/license basis have been earmarked to ₹ 1035.28 Lakhs. Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised. It is possible that amount invested in the interiors of our retail outlets may not fetch any positive returns when the premises are not in use or they are vacated.**

We have earmarked ₹ 1035.28 Lakhs towards interiors for setting up retail outlets on lease/license basis as disclosed in the section titled "Objects of the Issue "on Page No. 74 of the Red Herring Prospectus It is possible that amount invested in the interiors of our retail outlet may not fetch any positive returns when the premises are either not in use or they are vacated.

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank, financial institutions or other independent organisation. The estimated costs towards deposits for the lease/license arrangements for our retail outlets may vary based on location, size and several other factors.

In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our expenditure programmes or relocations of some of the retail outlets and an increase or decrease in a proposed expenditure for a particular object and our results of operations may be adversely affected.

27. **The properties on which our Company's registered office and retail outlets are situated, are not owned by it on freehold basis, but are taken on lease, rental etc. basis under various agreements and any termination of such agreements and/or non-renewal thereof could adversely affect its operations.**

Our Company's registered office and retail outlets from where it operates are not owned by it on freehold basis. Such properties are taken either on lease or rental or other contractual basis, which may or may not be renewed. The termination of the leases or rental or revenue sharing arrangements whether due to any breach or otherwise, or non-renewal thereof, could temporarily disrupt our Company's functioning and thus affect its business, operations and profitability. Further, the existing lease / rental agreements typically contain provisions for lock-in period, interest penalty for any delays in payment of rent and fixed price escalation that provide for a periodic increase in rent. If our Company's sales do not increase in line with its rent and costs, its profitability and results of operations could be adversely affected.

Furthermore, our Company has also taken on lease certain properties for its retail outlets, by entering into MOUs with third parties. Some of these MOUs stipulate a specific period within which parties to the MOU are required to enter into a definitive lease agreement. However, our Company has not yet executed any definitive lease agreements pursuant to the aforesaid MOUs. Failure to enter into lease agreements within the period prescribed in the MOUs may constitute breach of MOU and consequently affect our Company's entitlement to leasehold rights which could be given to it under the lease agreement(s). This in turn may adversely affect our Company's operations, business and financial condition.

For details regarding the tenure of lease/ rental arrangements and rent payable with respect to the registered office, retail outlets and other distribution centers of the Company, please refer to section "Properties" in the Chapter "Business Overview" on page 107 of this Red Herring Prospectus.

28. There are certain restrictive covenants in the loan agreements of banks in respect of credit facilities availed by our Company from them.

Banks have sanctioned loans to our Company subject to usual and customary restrictive covenants of the term loans and working capital facilities availed by it. The financing agreements contain restrictive covenants restricting, *inter alia*, changes in the capital structure, the constitution of the Company's Board, declaration of dividend or distributable profits, raising additional finance, the disposition of assets and the expansion of its business, etc. These agreements also require us to maintain certain financial ratios. Should our Company breach any financial or other covenants contained in any of its financing agreements, it may be required to immediately repay its borrowings immediately, either in whole or in part, together with any related costs. Our Company may be forced to sell some or all of its assets if it does not have sufficient cash or credit facilities to make repayments. Additionally, as the Company's borrowings are secured against all or a portion of its assets, the lenders may be able to sell those assets which in turn may prove detrimental to the interest of the company.

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

A principal component of our strategy is to continue to grow by expanding the size and scope of our existing business. This growth strategy requires us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, developing and improving our internal administrative infrastructure. An inability to manage such growth could disrupt our business prospects and adversely affect our results of operations.

30. We currently rely on a warehouse and distribution center located at Hyderabad.

We currently operate our warehouse and distribution center located at Hyderabad, which delivers merchandise to all our retail outlets in the Southern region. Any serious disruption at warehouse and distribution centre due to fire, earthquake, flood, riots etc may damage our inventory. It may also impair our ability to adequately stock the requirement of our retail outlets and could negatively affect our results from operations. However, our distribution center and warehouse are adequately insured against the probable risks.

31. We have experienced an increase in sales during seasons of weddings and festivals. Any substantial decrease in our sales during this period may have a material adverse effect on our financial performance.

Generally, we generate higher sales during second half of the financial year due to series of festivals such as Durga Pooja, Diwali, Christmas, Holi, onset of marriage season etc. We have experienced higher sales with higher profit margins at those times compared with other periods of the year. Some overheads in the retail business are largely fixed; any substantial decrease in sales in the second half of the year may have a material adverse effect on our financial condition and business operations.

32. Our inability to promptly identify and respond to changing customer preferences or evolving fashion trends may decrease the demand for our apparel among our customers, which would adversely affect our business.

We sell the products that our customers require including Lifestyle and Aspirational Products mainly comprising of Indian Ethnic wear like Sarees, Kurta, Dress Materials, Men's Wear, Kid's Wear etc. Our success is dependent on our ability to meet our customers' requirements. We plan our products based on forecasts of customers buying patterns as well as on forecasts of fashion trends for forthcoming seasons. Any mismatch between our forecasts, our planning and the actual purchase by customers can impact us adversely, leading to excess inventory and requiring us to resort to higher markdown and thus lower margins in order to clear such inventory.

We could be adversely affected if consumers lose confidence in the quality of certain products sold and may be discouraged from buying our products.

33. We face significant competition in our business and our ability to compete may have material adverse effect on our business prospects and financial condition.

The retail saree business is highly competitive. Competitiveness is characterized by many factors including assortment, advertising, price, quality, service, location, reputation and credit availability, availability of retail space. We also face competition from other formats including sale of goods on-line over the internet, door-to-door sales and sale of products from homes.

Certain large domestic industrial and business groups have evinced interest in this sector and seem to be in the process of establishing retail chain in India. Such prospective competitors are larger and better placed to take advantage of efficiencies created by size, and have better financial resources or greater access to capital at lower costs, and maybe better known nationally.

Additionally, we may face competition from international players as foreign participation in the retail sector is further liberalized. Moreover, as the industry is highly fragmented we also face competition from local stores, who may, for a variety of reasons such as easier to access and personal relationships with the customers, be able to cater to local demands better than us. Our inability to compete successfully in our business may have material affect on our business prospects and financial condition.

34. We excessively depend on a particular vendor for supply of products required at our retail outlets. Any delay /disruption in supply may adversely affect business.

Any disruption in supply from our major domestic suppliers or distributors may lead to unavailability of merchandise at our retail outlets which could adversely affect our results from operations. Further, disruptions due to weather-related problems, strikes, lock-outs could impair our ability to supply apparel to our customers. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

35. We are dependent on third parties for the supply and transportation of apparel from our warehouses to our retail outlets, which are subject to various uncertainties and risks.

We depend on road transportation to deliver apparel from the warehouses to our retail outlets. We rely completely on third parties to provide such services. These transportation facilities may not be adequate to support our existing and future operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure or other events could impair our ability to supply apparel to our customers. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

36. The success of our business is dependent on supply chain management.

A strong supply chain system is essential to ensure timely availability of merchandise at the retail outlets. Ensuring shelf availability of our products warrants quick turnaround time and high level of coordination with suppliers. Inefficient supply chain management could adversely affect the results from operations.

We rely on our supply chain and adopt operational processes to optimize our inventory position and reduce cost. We strive to keep optimum inventory at our retail outlets and distribution centre to control our working capital requirements. For instance, on back of our supply chain management, we do not provide for dedicated storage spaces in most of our retail outlets. In addition, we do not have any long term arrangements with our suppliers and vendors.

37. We rely extensively on our IT systems and any failures in our systems could adversely impact our business. We are in the process of upgrading our IT infrastructure and any disruptions in the implementation or functioning thereafter could adversely affect our business operations.

We rely extensively on our IT systems to provide us connectivity across our business functions through software, hardware and connectivity systems. Any delay in implementation or any disruptions in the functioning could disrupt our ability to track the records and analyze the merchandise that we sell and cause disruptions of operations, including, among others, process financial information or credit card transactions, deliver products or engage in similar normal business activities.

38. Any adverse impact on the title/ownership rights/development rights of our landlords from whose premises we operate may impede our effective operations of our retail outlets /offices/warehouse / distribution centre in the future.

All of the premises from which our Company operates its retail outlets/ offices / distribution center are taken by it on long term lease or rental basis or on the basis of other contractual agreements with third parties. The title of such third parties (the landlords) may not be clear and/or marketable and as a result of any deficiency in their title to their properties (from where our Company operates its retail outlets), the possession of our Company to such retail outlets may be adversely affected. Further, the lease deeds with respect to certain premises do not permit the lessees (our Company's landlords) to transfer or part with possession or sub-let, in full or part, of the premises. The carrying of activities by our Company in these premises may be construed as violation of the original lease deed entered into between the lessees (our Company's landlords) and us and if terminated may result in termination of our Company's arrangements with the lessees also.

The financial impact of such aforesaid risk cannot be quantified. Additionally, some of the lease agreements prescribe a lock-in period. These lock in periods have minimum guaranteed rents payable and hence it may prevent our Company from moving its outlets during the lock-in period. In case there are events or circumstances that impede our Company's profitability at a particular location, such restrictive covenants in the lease agreements may affect our Company's ability to move the location of its outlets and in turn may adversely affect its business, financial condition and results of operations.

For further details relating to our Company's retail outlets and other premises, please refer to the section "Properties" in the Chapter "Business Overview" on page 107 of this Red Herring Prospectus.

39. Some of retail outlets of our Company from where it operates, presently or in future, may have certain irregularities, as a result of which its operations may be temporarily disrupted.

Our Company has entered into lease or rental / contractual arrangements for its retail outlets and some of the buildings in which our Company's retail outlets are housed, may not have been constructed / developed as per the local laws and statutory requirements.Further, the Company has agreed to undertake certain structural changes to the premises leased/ to be leased to the Company for which purpose it may be required to procure certain approvals, permissions, etc. from statutory / municipal authorities. Such approvals, permissions, etc. from the concerned authorities may not be granted at all or not granted within the timeframe anticipated by the Company which in turn may adversely affect the Company's operations and financial condition.

In addition, some of the agreements for such arrangements may not have been duly stamped or registered with the concerned authorities.resulting in defect of our Company's title to / interest in such properties. Our Company cannot assure that it would be able to continue to use all such properties or be able to enforce its rights under such agreements, including refund of such security deposit, which may temporarily disrupt its operations and adversely affect its financials.

For further details relating to our Company's properties, please refer to the section "Properties" in the Chapter "Business Overview" on page 107 of this Red Herring Prospectus.

40. Our business depends on our ability to obtain and retain quality retail space.

Our success in business depends on our ability to identify and possess quality retail space at appropriate terms and conditions. We compete with other retailers for quality real estate spaces. If we fail to possess targeted spaces, we would face delays in execution of our strategies, which may result in cost overruns or otherwise adversely affect our business, operations and profitability.

41. **The success of our business is highly dependent on our ability to attract customers to our retail outlets.**

Various factors affect the customer footfalls, including choice of location and nature of floor layout. Factors such as the regional economy, weather conditions, natural disasters, social unrest as well as government regulations specific to the States in which we operate may affect the customers coming to our retail outlets. The disposable income available to the customers also affects their spending power on consumer products that we sell in our retail outlets. A change in economic conditions in the country may affect the disposable income available to customers, which may in turn affect the result from our operations, our financial position and our profitability.

42. **Our business depends on our ability to maintain consistency in customer service and other operations.**

Competition for personnel, particularly for employees with retail expertise, is intense. Additionally, our ability to maintain consistency in the quality of customer service in our retail outlets is critical to our success. This will depend on our ability to hire the right personnel and also train the new personnel in the implementation of our processes effectively.

43. **Losses because of shrinkage can negatively impact our profitability.**

Shrinkage in the retail business is defined as the loss in inventory through a combination of shoplifting by customers, pilferage by employees, and errors in documents and transactions that go un-noticed. The retail industry world over is affected by shrinkage. Any increase in shrinkage levels at our existing and future retail outlets can adversely impact results from operations.

44. **Sales at a particular retail outlet may not be comparable to and indicative of sales at other retail outlet.**

Various factors affect the sales at our retail outlet including competition, our capabilities in sourcing and buying and merchandising, our supply chain, outlets location and floor plate, fashion trend changes, our systems and processes etc. These factors will have an influence on existing and proposed outlets and thus past figures of sales may not be true indication of future sales. Upon opening of a new outlet, there may be initial advertising and marketing campaigns. During this period, the sales revenue may not exceed the overall expenses of the outlet. This could lead to a decrease of overall profitability of our company. In addition, even after the initial period there can be no assurance that a new outlet will necessarily contribute overall profitability of our company.

45. **Ineffective execution of marketing programs could have an adverse effect on our sales.**

Primary factors in determining customer buying decisions in the retail sector include customer confidence, price points for our products, designs of products and quality of customer service. We shall undertake brand promotion exercises and marketing programs to enhance our brand visibility domestically. If these programs are ineffectively executed or the level of support for them is reduced, it could affect our ability to attract customers.

Further, we cannot assure you that we will be able to accurately estimate our marketing expenditure for retail of saree business. In case our marketing expenses are inadequate for ensuring an effective brand promotion exercise, our marketing initiative may be ineffective. However, if our marketing expenses are higher than the market standards, it may adversely affect our revenues and results of operations.

46. **Our insurance coverage may not adequately cover all potential losses to which we may subject to, and this may have a material adverse effect on our business.**

Our Company has obtained various insurance policies covering stocks, furniture, and vehicles, wind power plant etc. for total sum insured aggregating to approximately ₹15047.80 lakhs. It is believed that our Company has insured itself against majority of the risks associated with their business. The significant insurance policies provide cover for risks relating to physical loss or damage to our Company’s assets. While it is believed that the policies our Company maintains would reasonably be adequate to cover all normal risks associated with its operation of business, there can be no assurance that any claim under the insurance policies maintained by it will be honoured fully, in part or on time, or that it has obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that our Company suffers loss or damage for events for which it is not insured or for which it's insurance is inadequate, the loss would have to be borne by our Company, and, consequently, the results of its operations and financial condition could be adversely affected.

For further information on the insurance policies maintained by our Company, please refer to section "Insurance Policies" in the Chapter "Business Overview" on page 127 of this Red Herring Prospectus.

47. We may face the risk of potential liabilities from lawsuits or claims by consumers.

We may face the risk of legal proceedings and claims being brought against us by our customers/consumers for any defective product sold or any deficiency in our services to them. We could face liabilities should our customers/ consumers face any loss or damage due to any unforeseen incident such as fire, accident etc in our retail outlets, which could cause financial and other damage to our customers/consumers. Commencement of these lawsuits against us or the establishment of new regulations could reduce our sales. In addition, we are subject to regulation by the Consumer Protection Act, Weights & Measures Act, Sale of Goods Act and similar Acts by State regulatory bodies like the Shop & Establishment Act. If we fail to comply with government and industry safety standards, we may be subject to claims, lawsuits, fines and adverse publicity that could have a material adverse effect on our business and results from operations.

RISK FACTORS RELATED TO EQUITY SHARES

48. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures

Our company has not declared any dividend during the preceding five financial years. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

49. Any further issuance of Equity Shares by Our Company or sales of Equity Shares by any significant shareholders may adversely affect the trading price of the Equity Shares

Any future issuance of Equity Shares by our Company could dilute your shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

50. There is no existing market for the Equity Shares and the price of the Equity Shares may be volatile and fluctuate significantly in response to various factors

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian and global economy, significant developments in India's fiscal regime and other factors. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

EXTERNAL RISK FACTORS

51. Any changes in the regulatory framework could adversely affect our operations and growth prospects

We are subject to various regulations and policies. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse affect on our business, financial condition and results of operations.

52. Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse affects on our operations and financial performance

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

53. An active market for the Equity shares may not develop which may cause the price of the equity shares to fall and may limit investor's ability to sell the Equity Shares

The Equity Shares are new issues of securities for which there is currently no trading market. Applications have been made to the BSE & NSE for the Equity Shares to be admitted to trading on the BSE & NSE. No assurance can be given that an active trading market for the equity shares will develop or as to the liquidity or sustainability of any such market, the ability of the holders of the Equity Shares to sell their Equity Shares or the price at which share holders will be able to sell their Equity Shares if an active market for the Equity Shares fail to develop or be sustain, the Trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at price that could be lower than the original Equity price of the issue.

54. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect Our Company's business

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect Our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm Our Company's business and financial performance, ability to obtain financing for capital expenditures and the price of Our Company's Equity Shares.

55. Multiplicities of legislations may impact the growth of organized retail.

The retail sector functions under multiple laws and regulations. Multiple licenses and clearances are required before a store can be opened. Thereafter, stringent laws pertaining to labour, hours of work, etc may limit flexibility in operations; add to overall costs and impact retail operations.

PROMINENT NOTES

1. Investors are free to contact the BRLMs or the Compliance Officer for any complaints / information / clarification pertaining to this Issue. For contact details of the BRLMs, please refer to the cover page of this RHP.

2. Issue of [●] Equity Shares of face value ₹ 10/- each for cash at a price of ₹ [•] per Equity Share including share premium of ₹ [•] per equity share aggregating up to ₹ 8900.00 Lakhs (hereinafter referred to as The "Issue"). The Issue would constitute [●] % of the fully diluted Post Issue Paid-Up capital of our Company.

3. The pre-issue net worth (Networth as per restated financial statements less Miscellaneous Expenses not written off) of our Company was ₹ 5380.75 lakhs as per restated audited financial statements as on October 31, 2012.

4. The average cost of acquisition of Equity Shares by our Promoters is.

Promoters	Average cost (₹)
Mr. Chalavadi Naga Kanaka Durga Prasad	25.96
Mrs. Chalavadi Jhansi Rani	4.33

5. Book value per Equity Shares (of face value ₹ 10/-) of our Company, as per our restated audited financial statements as on October 31, 2012 was ₹ 26.61.

6. Trading in equity shares of our Company for all the investors shall be in dematerialised form only.

7. Our company has not issued any shares for consideration other than cash except mentioned here under;-.

Date of Allotment	Name of Allotees	Number of Equity Shares	Face Value (₹)	Nature of Allotment	Benefits accrued to our company pursuant to the allotment
July 3, 2008	Mr. Chalavadi Naga Kanaka Durga Prasad	60,00,000	10	Allotment of shares to erstwhile partners on Part-IX conversion under the Companies Act, 1956	NA
	Mrs. Chalavadi Jhansi Rani	19,00,000			
	Mr. Annam Kalyan Srinivas	14,00,000			
	Mr. Annam Subash Chandra Mohan	4,00,000			
	Mrs. Annam Suchitra	1,00,000			
	Mrs. Annam Sowjanya	1,00,000			
	Mr. Annam Venkata Rajesh	1,00,000			

8. Our business was started as a Partnership Firm under the name and style of "Sai Silks" on August 10, 2005. Later on March 4, 2008 the partnership firms name was changed to "Sai Silks (Kalamandir)". Thereafter, our Partnership Firm was converted into a Private Limited Company following the procedure specified under Part IX of the Companies Act, 1956. The Fresh Certificate of Incorporation was issued on July 3, 2008 under the name and style of Sai Silks (Kalamandir) Private Limited by the Registrar of Companies, Andhra Pradesh. Our Private Limited Company was subsequently converted into a Public Limited Company and the fresh certificate of incorporation consequent upon change of name on conversion to public limited company was issued on May 21, 2009 by the Registrar of Companies, Andhra Pradesh and the name of our company was changed to its present name, Sai Silks (Kalamandir) Limited. However, the new name does not suggest any change of activity and company continues to carry on the same activity.

9. Our promoters, their relatives and associates, promoter group and our directors have not entered into any of the transactions in our Equity Shares directly or indirectly in the past six months except those mentioned under 'Notes to Capital Structure' beginning on page no 61 of this RHP.

10. There were no transactions in the securities of Company during proceeding 6 months which were financed directly or indirectly by the Promoters, their relatives, their group companies or associates or by the entities directly or indirectly through other persons.

11. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report on page no 164 of this RHP.

12. Our company has entered into Related Party Transaction aggregating to ₹ 21915.38 Lakhs (net) and ₹ 14594.99 Lakhs (net) for the financial year ended March 31, 2012 and for the period ended October 31, 2012 respectively as per restated audited financial statement For details related to such transactions refer to section titled 'Financial Statements'- Related Party Transactions beginning on page no 216 of this RHP.

13. The details of Contingent Liabilities as on October 31, 2012 are as under;-

(₹.In lakhs)

Particulars	As on 31.10.2012
Income Tax	
AY 2009-10	3.45
Service Tax on rental premises in Bengaluru	Monetary Claim not ascertainable
Corporate Guarantee to State Bank of India for Sai Swarnamandir Jewellers (P) Limited	2200.00

For further details of Contingent Liabilities please refer the Chapter "Annexure-25-Financial Statements" on page no 220 of this RHP.

14. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no 77 of this RHP before making an investment in this Issue.

15. Mr. Chalavadi Naga Kanaka Durga Prasad has gifted 95, 03,400 Equity Shares to persons forming part of promoter and promoter group. For more details, refer to the section titled 'Capital Structure" on page no 60 of this Red Herring Prospectus.

16. This Issue is being made in terms of regulation 26 (1) of the SEBI Regulations and through 100% Book Building Process wherein 10% of the Issue to the Public will be available for allocation to Qualified Institutional Buyers ("QIB") on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 35 % of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 55% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

17. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs and Non-Institutional Bidders. The allotment of specified securities to each retail individual bidder shall not be less than the minimum bid lot, subject to availability of shares in retail individual investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details, refer to the chapter titled "Issue Procedure" on page no 267 of this RHP.

18. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders.

19. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum

Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository participant.

20. Investors are advised to go through the paragraph on "Basis of Allotment" beginning on page no 297 of this RHP.

21. Our Company and the BRLMs will update the RHP in accordance with the Companies Act and the SEBI (ICDR) Regulations 2009.

22. All information shall be made available by the BRLMs and our Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.

23. No part of the Issue proceeds will be paid as consideration to promoters, directors and key managerial. However M/s Sai Retail India, a Promoter group entity may be paid towards supply of sarees and other textile merchandise and M/s Sumaja Creations, an associate of our company may be paid for Brand Promotion activities, out of the Issue proceeds.

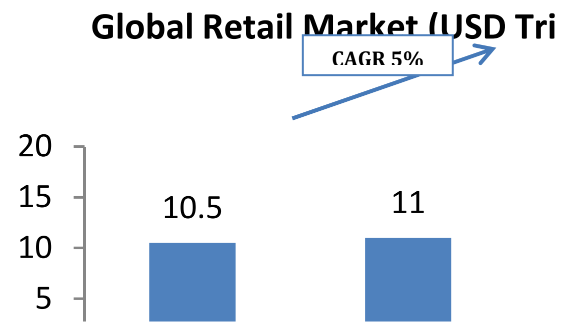
SECTION III – INTRODUCTION

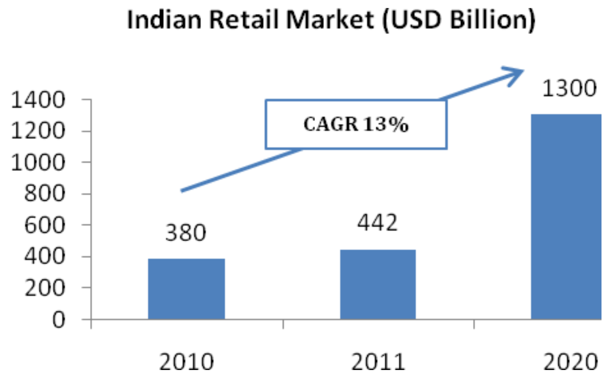
SUMMARY OF INDUSTRY

RETAIL INDUSTRY

Global Retail Industry Overview

The global retail market generated around USD 11 trillion in 2011 and is growing slowly despite economic slowdown in major markets like US & EU. Global retail market is expected to record yearly growth of close to 5% through 2020 to reach around USD 17 trillion. The Indian retail industry is pegged at USD 442 billion and is expected to grow @ 13% annually to reach USD 1.3 trillion by 2020. A significant part of growth is expected to come from organised retail, which is expected to increase its share from 8% currently to 25% by 2020.

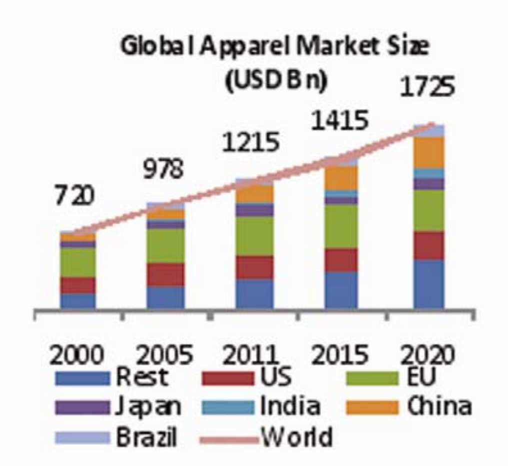


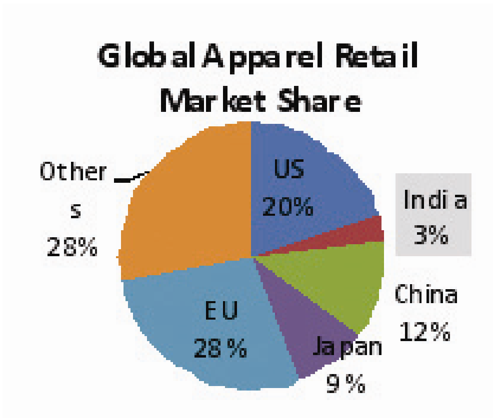


Source:Technopak Analysis, 2012

Apparel Retail Market

The size of the global apparel market in 2011 was USD 1215 billion. The largest market for apparel is in Europe, followed by USA, China, Japan and Brazil. The share of India in the global market stood at 3% or USD 40 billion. The market for apparel is expected to grow @ 4% CAGR and reach USD 1725 billion approximately in 2020.





Source: US Census Bureau, EU CBI, NBS China, Technopak Analysis, 2012

Source: Technopak Analysis, 2012

Textile and Apparel Market in India

The textile and apparel industry is one of the leading segments of the Indian economy and the largest source of foreign exchange earnings for India. This industry accounts for 5% of the gross domestic product (GDP), and around10% of export earnings.

India is the world's second-largest textile producer (after China), and is diversified and capable of producing a wide variety of textiles. India has a large fiber base, and ranks as the world's second largest producer of key raw materials including cotton, cotton yarn, cellulosic fibre / yarn, silk, synthetic fibre and yarn and jute.

India's textile and apparel industry benefits from a large pool of skilled workers and competent technical and managerial personnel. The textile and apparel industry employs about 45 million people, making it the largest source of industrial employment in India.

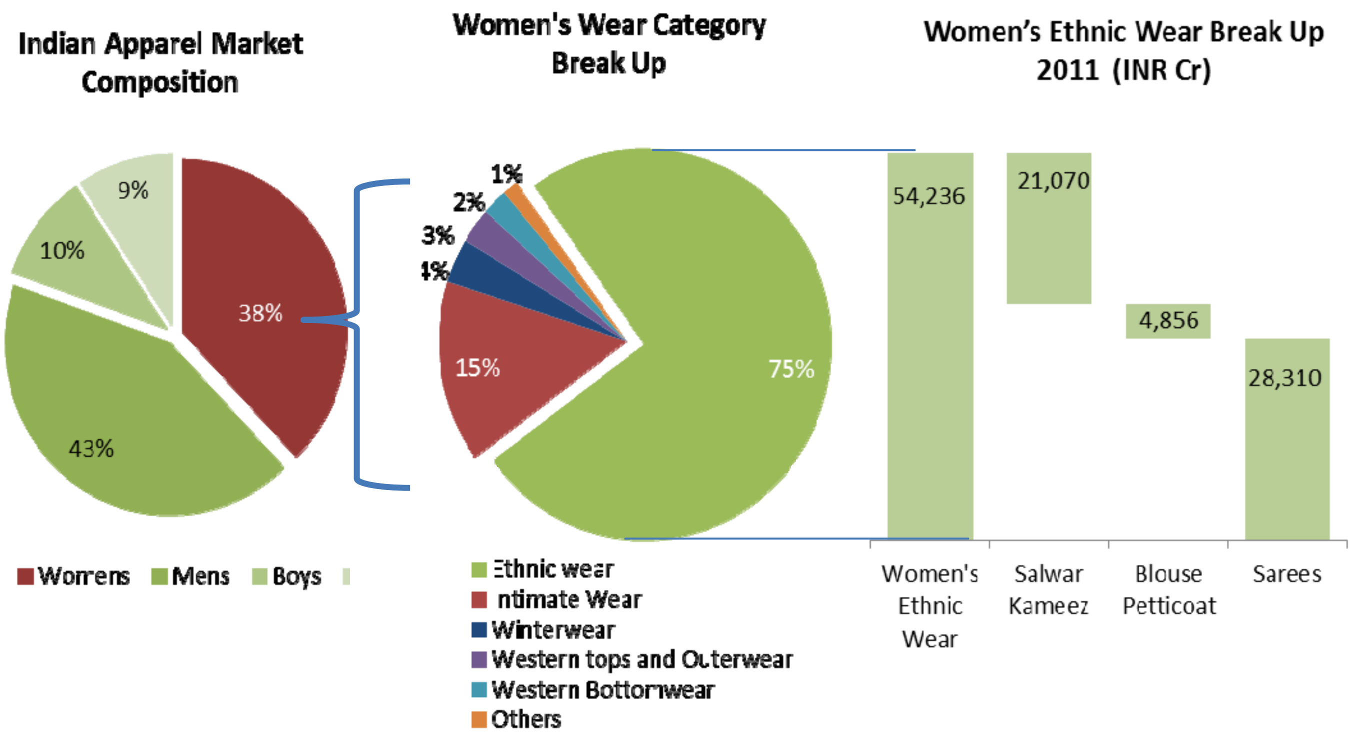
Indian Textile and Apparel Industry Size

India's total textile and apparel industry size (Domestic + Exports) is estimated to be ₹ 4,18,000 crores (USD 89 billion) in 2011 and is projected to grow at a CAGR of 9.5% to reach ₹ 10,50,000 crores (USD 223 billion) by 2021.Indian domestic apparel market is estimated to be around ₹ 190,000 crores and is expected to grow at a CAGR of 9% to reach around ₹ 462,000 crores by 2021.

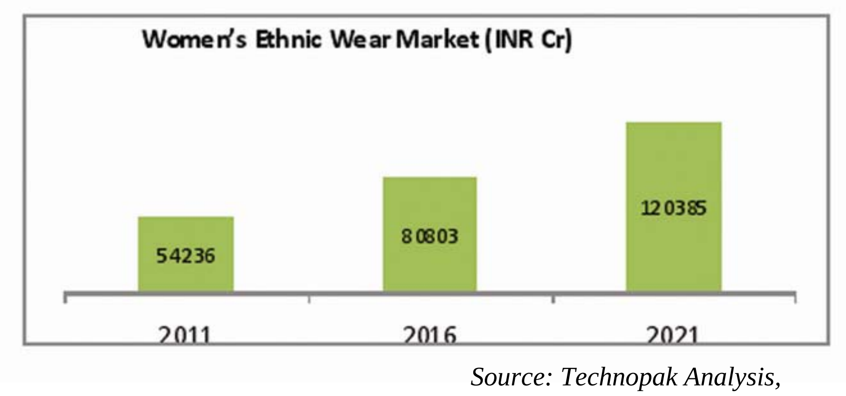
Women's Ethnic wear Industry in India

Market Scenario of Women's Ethnic wear in India

Women's wear category constitutes 38% of the total apparel market of India. The size of the women's ethnic wear market is ₹ 54,236 crores constituting 75 % of the total women's wear market.The women's ethnic wear market is expected to grow at a healthy rate of 8.3% and reach ₹ 120385 crores by 2021.

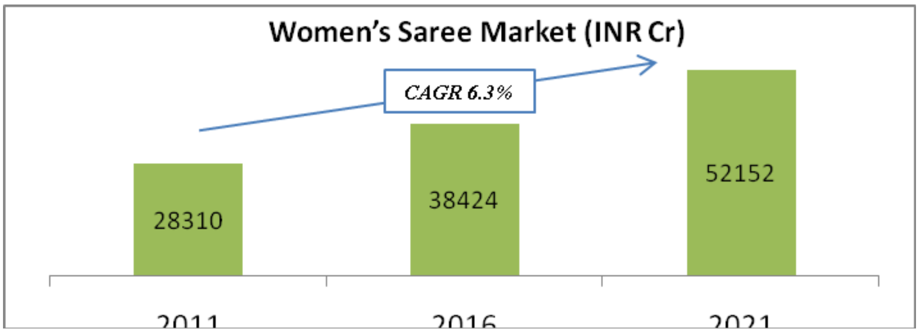


Source: Technopak Analysis, 2012



Source: Technopak Analysis,

Sarees comprise around 52% of the women's ethnic wear market.Sarees market is estimated to be ₹ 28310 crores in 2011 and is expected to grow @ 6.3 % annually to reach ₹ 52152 crores by 2021. Brand/ Retail presence in the organized market is larger in the southern markets with some of the prominent names including Pothys, RMKV, Nalli, Sri Kumaran Silks, Chennai Silks etc.



Source: Technopak Analysis, 2012

Windmill Industry in India–An Overview

Wind Energy is an indirect form of Solar Energy. About 1% of the total solar radiation that reaches earth is converted into energy of wind. Wind results from differential heating of the earth and its atmosphere by sun. As the sun heats different parts of the earth at different rates, air circulates from cold to warm areas producing winds. Wind energy has been used for thousands of years to propel sailing ships and for pumping water and grinding grain.

Energy is basic requirements for economic development in any country. Every sector in Indian economy needs Energy for the development of Agriculture, Industry, transport, Commercial, and domestic. Rising prices of Oil & Gas and estimated shortage in future, creates concern for energy supply for economic development of the country. Increased use of fossil fuels causes environmental problems both locally and globally. Fortunately our country is blessed with variety of renewable energy sources viz, wind, solar, bio-mass, hydel, and municipal and industrial waste and other renewable energy sources. The Ministry of New & Renewable energy sources of Government of India with a view to promote wind energy has launched wind resource program to identify windy sites in the country and establish wind power projects.

NationalScenario on Wind Power

The Wind Power Program was initiated during the year 1983-84. The MNRE has created strong base which includes resource assessment, research of development, creation of awareness and development of infrastructural facilities for manufacturing and also provided policy support. The estimated potential at 50m and 80m is found to be 49130 MW and 102788 MW respectively in our Country (source C-WET) and so far projects for 17,365.03 MW as on 31.03.2012 (source India Wind Energy Association) have been set up in different parts of the country .The C-WET, Chennai and State Nodal Agencies implement the wind resource assessment programme with support of MNRE in the Country.

Potential in Andhra Pradesh

Based on the studies conducted through wind monitoring exercise, it is found that the southern part of Andhra Pradesh has got wind potential for setting up of wind farms. The areas in Anantapur, Cuddapah, Kurnool and parts of Nellore and Chittoor district have relatively better potential sites to set up wind power projects. The master plan has been prepared to assess the potentiality in southern part of A.P. and it is estimated that there is a potential of about 2100 MW capacity. As per the assessment of MNRE, the estimated gross potential is 8,275 MW in A.P. and whereas the technical potential is 2100 MWs. 2.00 MW demonstration project was set up by AP Genco, at Ramagiri in Anantapur district. NEDCAP has established 2.25 MW wind farm project at Kondamedapally, Kurnool dist. and 2.50 MW wind farm at Narasimhakonda, Nellore district under demonstration scheme of MNRE With a view to encourage investment and to promote wind power projects in Andhra Pradesh, the Government of Andhra Pradesh has announced a comprehensive policy and incentives to set up wind power projects in private sector. NEDCAP is the single window clearance agency to sanction projects up to 20 MW capacity in the State and so far 100.12 MW capacity of projects by 30 developers at Ramagiri, Kadavakallu, Tallimadugula in Anantapur District and on Tirumala Hills, Chittoor district, was commissioned. The total installed capacity is 245.50 MWs as on March, 2012 as per C-WET.

Technology

Wind turbines have rotor blades, which rotate with wind flow and are coupled to generator through a gearbox. The rotor blades rotate around a horizontal hub connected to the generator, which is located in the nacelle. The nacelle houses other electrical components and yaw mechanism which turns the wind electric generator so that the rotator faces the wind. Sensors are used to monitor the wind direction and the nacelle is turned to line up with wind direction. The power produced is controlled automatically based on the wind speed. There are wind turbines presently in the range of 350 KW to 2 MW capacity and operating in the wind speeds ranging from 2.5 mtrs per sec to 25 mtrs per sec. The power generated from the wind turbine is controlled to match and is fed to the local grid. Winds in India are mostly influenced by strong South-West Monsoon which starts from May and North-East Monsoon starts from October. During the Summer Monsoon the winds are strong in most of the parts of the country and also similar in case of Andhra Pradesh.

(Source: http://nedcap.gov.in/)

Gems and Jewellery Industry

Gems and jewellery form an integral part of Indian tradition. A legacy passed from one generation to another. The components of jewellery include not only traditional gold but also diamond, platinum accompanied by a variety of precious and semi-precious stones.

The Indian gems and jewellery sector is expected to grow at a CAGR of around 13 per cent during 2011 – 2013, on the back of increasing government efforts and incentives coupled with private sector initiatives.

India is the largest market for gold jewellery in the world. Gold dominates the Indian jewellery market and formulates almost 80 per cent of the market share, which is followed by fabricated studded jewellery including diamond and gemstone studded jewellery. India has emerged as the largest cutting and polishing industry for diamonds in the world.

Industry Structure

The jewellery industry has increased by about 5 percent at ₹ 2,000 billion (US$ 36.17 billion) in 2011-12, as compared to Rs 1,950 billion (US$ 35.26 billion) in 2010-11. The jewellery industry in India is estimated at ₹ 150,000 crore (US$ 27.12 billion), of which only 5 per cent is organised, thus creating opportunity for the foreign players to enter the Indian market.

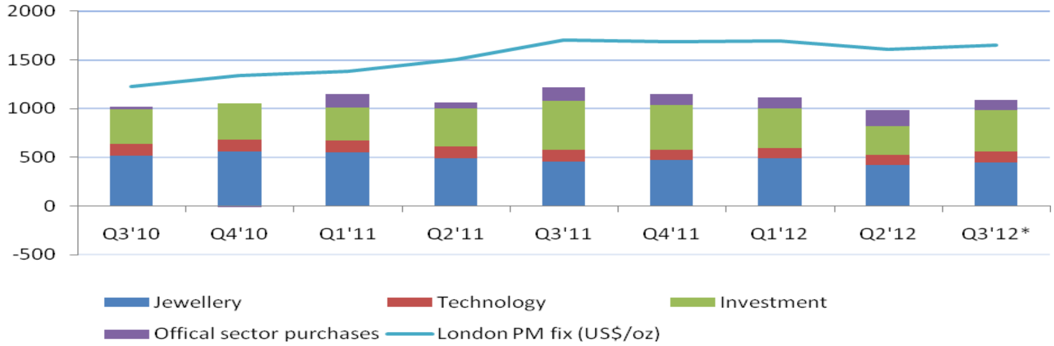
The global demand for gold in second quarter of 2012 rose to 990.tonnes it was 7% down on the second quarter 2011 and 10% below the previous quarter. Looking at the first half of the year, demand of 2090.8 tonnes was 5% down on the previous year and 14% above the five year H1 average of 1828.7 tonnes. Q2 of 2012 gold demand measured US$ 51.2bn in value terms, marginally weaker year on year. Investment demand fell by 23% year on year to 302.0 tonnes, slightly below the five year quarterly average investment of 340.3 tonnes. Year- on -Year declines in the demand for ETFs and physical bar demand were the main reasons for the decline.

(Source: www.ibef.org, 2012)

Overview:

Gold demand in the third quarter of 2012 measured 1084.6 tonnes, worth US$ 57.6bn 14% below Q3 2011. Demand was up 10% from previous quarter, but 11% down from record high levels primarily due to notable drop in bar and coin purchases. Q3 Investment demand (the sum of ETFs and similar products, and total bar and coin demand) was 79.5 tonnes or 16% lower than Q3 2011. Gold demand remains resilient. Q3 2012 was above the five year quarterly average of 984.7 tonnes, according to the World Gold Council's The most significant contribution to the fall in gold demand came from drop in bar and coin investment. Demand from category of investment was 30% weaker year on year at 293.9 tonnes, transalating to a 32% decline in value to US$ 15.6bn. The supply of gold contracted 2% in the third quarter compared with year earlier levels. All components of gold supply declined, yielding a total of 1188.3 tonnes. **Global gold demand (tonnes) and gold price (US$/oz)**

Tonnes, **US$/oz**



*Provisional

Note: investment includes bars and coins; medals/imitation coins; and ETF and similar products.

Source: World Gold Council, November, 2012

Q3 gold jewellery demand of 448.8 tonnes was worth US$ 23.8bn. The sector was up on the previous quarter by 8% but slightly weaker year on year. (-2%) declines in China, Saudi, Arabia, US and European markets. Counter trend growth was seen in small number of markets, key among these being India where demand registered solid growth. The strong rise in gold prices across most currencies during the latter half of the quarter was partly responsible for the overall decline, while unfavourable economic conditions in many markets created further headwinds. At 136.1 tonnes, India accounted for 30% of the global gold jewellery demand and was the strongest performing market. The value of demand, ₹399bn, was almost equal to the previous record ₹400bn in Q1 2011.

Q3 Investment demand (the sum of ETFs and similar products and total bar and coin demand) was 79.5 tonnes or 16% lower than Q3 2011. In value terms amounted to US$ 22.8bn. Adding in the OTC investment and stock flows component yields a total investment number of 503.4 tonnes 4% higher year-on year worth US$ 26.7bn. On a year to year basis, ETF demand was the strongest performing sector, generating a 48.6 tonne increase in demand. AT 136.0 tonnes was the strongest quarter since Q2 2010 and compares with a 5-year quarterly average of 88.9 tonnes. A 128.1 tonne a 30% year-on –year fall in demand for gold bars and coins was largely a reflection of the strength of demand in Q3 2011, a period of exceptional investment inflows. Q3 bar and coin demand was 13% above the 5 year quarterly average of 260.6 tonnes.

The Road Ahead

India is harnessing its traditional craft-skills, low-cost labour, and fabrication techniques in some of the gems and jewellery segments (such as processing of small-sized diamonds) to lead as a global player. India is emerging as a huge consumer market for jewellery and other luxury products and thereby appears as a very attractive opportunity for major brands to establish their presence in the Indian market.

The GJEPC is busy propagating the fineries of Indian gems and jewellery industry by organising road shows in Malaysia, Singapore, Jeddah, Riyadh, Korea and China. These road shows would assist in creating awareness about India International Jewellery Show (IIJS) and India International Jewellery Week (IIJW). India's gems and jewellery industry is ready for the upcoming jewellery show in the US and expect to obtain huge export orders during 2012-13.

(Source: www.ibef.org, May & August, 2012)

SUMMARY OF OUR BUSINESS

We are majorly in the business of retailing of sarees under the brand names of “KALAMANDIR”, “MANDIR” & “VARAMAHALAKSHMI”. We started as a retailer of sarees in Hyderabad in August 2005. As on the date, we operate15 retail outlets spread across South India and these outlets are cumulatively spread over in 129,035 square feet.

Our company is presently engaged in retail offering of the following products to all the segments:

- Sarees
- Women’s dress materials and readymades
- Men’s wear
- Kid’s wear
- Gold Jewellery and Silver articles

Our retail outlets cater to the entire range of sarees in the price range of ₹ 300 to ₹3,50,000.With evolution of retail industry in India and change in consumer aspirations, we diversified our portfolio of offerings to include other retail goods like Women dress materials & readymades, Kids wear and Men’s wear. Currently, we sell different varieties of sarees for different occasions and ready-made apparels for women, men and kids in our retail outlets. In order to expand our products range, we also undertook display and sale of gold and silver ornaments in our outlets under franchise and shop in shop model. Accordingly, a franchisee arrangement was entered on April 1, 2008 with Tanmai Jewellers Private limited for retail outlets at Hyderabad. Our Company had also entered into shop in shop arrangement with Sai Swarnamandir Jewellers Private Limited on April 1, 2009 for a period of 9 years for display and sale of their gold and silver jewellery in our retail outlets located at Jayanagar, Marathahalli and Malleshwaram, Bengaluru.. Presently, we are displaying and selling their gold and silver jewellery in our retail outlets located at Jayanagar and Malleshwaram, Bengaluru only.

Our company was set up as a Partnership Firm vide Deed of Partnership entered between Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani under the name and style of “Sai Silks” on August 10, 2005. Further, on April 1, 2006, Mr. A Kalyan Srinivas and Mr. A. Subash Chandra Mohan were admitted as partners. Later, on March 4, 2008, three new partners, Ms. Annam Suchitra, Ms. Annam Sowjanya and Mr. Annam Venkata Rajesh were admitted into the partnership firm and the partnership firm name was also changed to “Sai Silks (Kalamandir)”. Thereafter, our Partnership Firm was converted into a Private Limited Company on July 3, 2008 following the procedure specified under Part IX of the Companies Act, 1956 on a going concern basis under the name and style of Sai Silks (Kalamandir) Private Limited. Our Company was subsequently converted into a public limited company and a fresh certificate of incorporation consequent upon change of name was issued on May 21, 2009 by the Registrar of Companies, Andhra Pradesh. The registered office is situated at 6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad – 500 016, Andhra Pradesh.

Our company has been promoted by Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani. They are founder promoters of our company and have extensive experience in the textiles industry. Mr. Chalavadi Naga Kanaka Durga Prasad has been instrumental in strategic planning and business development of our company.

Product details

Our product range consists of:

Women’s Wear
Sarees
Readymade dresses
Ethnic Wear
Salwar Kameez and Dupatta (SKD)

Men’s & Kids Wear
Groom wear
Plain Shirts
Striped Shirts
Trousers
Casual wear
Patchwork Shirts
Embroidery Shirts
Mix & Match Shirts
Denim
Cargo

POSITIONING OF OUR BRANDS:

- Our company's brand "KALAMANDIR" focuses on all sections of the society. Kalamandir retail outlets are broadly categorised into three types viz. small, medium and large retail outlets. The large scale retail outlets provide shopping experience for entire family. The brand mainly caters to women's wear. Under brand "Kalamandir" our Company sells its products under the below mentioned category:

Men's Wear:
DULHE RAJA: One stop shopping for marriage occasions
GENTLEMAN & YOUNGISTAN: Collection of casuals, formals and party wear

Women's Wear:
NAARI: Has emerged as a concept for fancy dresses, embroidery, party wear.
YOUNGISTAN: Collection of dress material, handlooms and Readymade for young generation

Kid's Wear:
NANHE: Collection of theme dresses for special occasions like party wear and weddings for both boys and girls
HUNKY PUNKY: Casual collection for boys
LITTLE DARLINGS: Casual collection for girls

- Our company's brand "MANDIR" caters to the Women's Wear for the premium segment of the market. The brand has positioned itself as a wedding specialist and also as a household name for special occasions. Under brand "MANDIR" our Company sells Women's Wear under the category:

- MEHENDI : It has emerged as a concept for bridal wear
- UTSAV: It caters to every celebration and festival

- Our company's brand "VARAMAHALAKSHMI" is based on the concept of value retail format. It caters to semi-wholesale and retail markets.

Jewellery Business

The Jewellery business of our Company is operational under the "Shop in Shop" model. As per this model, Sai Swarnamandir Jewellers Private Limited (SSJPL), a group company displays gold jewellery and silver articles in our retail outlets. Whenever a customer expresses his/her desire to purchase such product, SSJPL issues delivery challans and thereafter our company raises Sales Invoice to the customer. Based on the delivery challans, our Company raises Purchase Invoice on SSJPL on a daily basis and payment is settled between both the parties as per the terms of the Agreement.

Our Company has already entered into an Agreement with SSJPL on April 01, 2009 for a period of 9 years in this regard for retail outlets located at Bengaluru such as Jayanagar, Malleshwaram and Marathahalli. However, as on date we are not selling from Marathahalli retail outlet. As per this Agreement, the Profit sales margin is fixed at 2.00% for our Company

Wind Power Activity

Our Company has forayed into the business of generation of Electricity through Non-conventional energy sources by setting up a Wind Power Project having a capacity of 2 MW at Kondamedapally, Kurnool District, Andhra Pradesh at a project cost of ₹ 1120 lakhs.

SUMMARY FINANCIAL INFORMATION

The following summary financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations 2009 and restated as described in the Auditor's Report (Peer Review) of GV & Co., Chartered Accountants dated December 31, 2012in the section titled "Financial Statements" beginning on page no 164 of this Red Herring Prospectus. The summary financial information presented below should be read in conjunction with our restated consolidated financial statements for the year ended March 31, 2008,for the period ended July 2, 2008 (partnership converted into public limited company w.e.f. July 3, 2008),for the period July 3, 2008 to March 31, 2009,March 31, 2010, March 31,2011,March 31,2012 and for the period ended October 31,2012 including the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page no 221 of this Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹In Lakhs)

Particulars	31.03. 2008	2.07. 2008*	31.03. 2009*	31.03. 2010	31.03. 2011	31.03. 2012	October 31, 2012
A Non Current Assets							
Fixed Assets							
Tangible assets	1063.35	1092.11	1620.10	1573.06	2509.66	3124.78	3280.69
Intangible assets	0.00	0.00	15.53	25.82	51.51	46.13	39.73
Capital Work-in-Progress	0.00	0.00	0.00	1.39	433.86	31.48	530.55
Intangible assets under development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Assets held for sale	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-current investments	3.00	3.00	3.00	3.00	0.00	0.00	0.00
Deferred tax assets (net)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term loans and advances	0.00	9.94	5.57	40.93	266.28	40.97	359.69
Other non-current assets	333.34	423.16	464.31	474.69	553.37	736.18	894.74
Total Non-Current Assets(A)	**1399.69**	**1528.22**	**2108.51**	**2118.89**	**3814.68**	**3979.54**	**5105.40**
B Current Assets							
Current investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	2359.88	3592.31	5642.47	5227.35	8343.70	9480.25	12258.43
Trade Receivables	156.21	163.47	454.24	402.13	83.81	114.24	105.97
Cash and Bank Balances	292.76	132.73	61.97	108.25	302.33	288.17	312.44
Short –term Loans and advances	474.82	1097.91	576.16	83.92	116.58	336.49	883.59
Other Current Assets	0.00	0.00	0.00	0.00	1.08	8.95	10.40
TOTAL Current Assets (B)	**3283.67**	**4986.42**	**6734.84**	**5821.65**	**8847.50**	**10228.10**	**13570.81**

C Non-current liabilities							
Long –term borrowings	424.67	385.65	584.85	288.22	832.92	807.26	917.32
Deferred tax liabilities (net)	12.48	4.91	46.20	72.94	174.37	414.39	437.58
Other long-term liabilities	9.60	9.60	9.60	9.60	3.15	3.66	141.11
Long-term provisions	8.77	8.77	3.17	22.24	35.31	53.47	63.97
Total Non-Current liabilities (C)	**455.52**	**408.93**	**643.82**	**393.00**	**1045.75**	**1278.79**	**1559.98**
D Current liabilities							
Short-term borrowings	729.95	1215.72	3692.39	3587.78	4506.09	5839.94	8072.11
Trade payables	1173.34	2663.18	1494.39	479.79	1780.12	890.73	1265.58
Other current liabilities	781.27	861.06	542.87	468.60	1280.12	996.88	1563.53
Short-term provisions	94.73	132.75	165.37	421.35	454.64	436.59	749.11
TOTAL Current Liabilities (D)	**2779.28**	**4872.70**	**5895.02**	**4957.52**	**8020.96**	**8164.13**	**11650.33**
Net worth (A+B-C-D)	**1448.56**	**1233.01**	**2304.52**	**2590.02**	**3595.47**	**4764.71**	**5465.91**
Net worth Represented By							
Shareholder's Funds:							
E Share Capital							
Partners Capital	1448.56	1147.65	-	-	-	-	-
Equity Share Capital	-	-	2000.00	2000.00	2000.00	2022.00	2022.00
Money received against share warrants	-	-	-	-	-	-	-
TOTAL(E)	**1448.56**	**1147.65**	**2000.00**	**2000.00**	**2000.00**	**2022.00**	**2022.00**
F Reserves and surplus							
Securities Premium Account	0.00	0.00	0.00	0.00	0.00	143.00	143.00
Profit and Loss Account	0.00	85.36	304.52	590.02	1430.47	2599.71	3300.91
TOTAL(F)	**-**	**85.36**	**304.52**	**590.02**	**1430.47**	**2742.71**	**3443.91**
G Share application money pending allotment			-	-	165.00	-	-
TOTAL(G)	**-**	**-**	-	-	165.00	-	-
Net Worth (E+F+G)	**1448.56**	**1233.01**	**2304.52**	**2590.02**	**3595.47**	**4764.71**	**5465.91**

* Figures for the period from April 1, 2008 to July 2, 2008 pertains to the partnership firm prior to its conversion under Part IX of the Companies Act, 1956 and figures for the period from July 3, 2008 to March 31, 2009 pertains to post conversion into the limited company.

Note: For the purpose of above restated financial statements, the accounts of partnership firm for the year / period ended 31.03.2008 and 01.04.2008 to 02.07.2008 have been recasted in accordance with the requirements of Revised Schedule VI of the Companies Act, 1956.

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ In Lakhs)

Particulars	31.03. 2008	2.07. 2008*	31.03. 2009*	31.03. 2010	31.03. 2011	31.03. 2012	Period Ended October 31, 2012
Revenue from Continuing Operations:							
Revenue from operations							
Sales of Products Manufactured	-	-	-	-	-	-	-
Sales of Products Traded	6477.05	4415.56	8306.73	19363.24	24377.29	26276.19	16815.97
Total Revenue	**6477.05**	**4415.56**	**8306.73**	**19363.24**	**24377.29**	**26276.19**	**16815.97**
Less Excise Duty	-	-	-	-	-	-	-
Net Sales	**6477.05**	**4415.56**	**8306.73**	**19363.24**	**24377.29**	**26276.19**	**16815.97**
Other Income	149.18	0.79	81.69	90.75	94.64	102.84	40.62
Profit On Sales Of Investment	-	-	-	-	0.47	-	-
TOTAL(A)	**6626.22**	**4416.35**	**8388.43**	**19453.99**	**24472.40**	**26379.03**	**16856.59**
Expenditure							
Cost of materials consumed	-	-	-	-	-	-	-
Purchase of Traded Goods	5583.46	4649.09	7170.87	15156.90	21776.65	20733.51	15298.78
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(713.14)	(1232.43)	(2050.16)	(252.72)	(3116.35)	(1136.56)	(2778.17)
Employee benefits expense	270.46	168.47	328.28	402.90	484.88	551.49	445.24
Other expenses	1054.53	578.97	2073.75	2809.54	3233.36	3130.54	1901.94
TOTAL(B)	**6195.31**	**4164.10**	**7522.74**	**18116.63**	**22378.54**	**23278.98**	**14867.79**
Earnings Before Interest, Depreciation, exceptional items, extraordinary items and Tax (EBITDA) (A-B)	**430.92**	**252.25**	**865.69**	**1337.36**	**2093.86**	**3100.05**	**1988.80**
Depreciation and amortisation expense	37.17	22.27	71.56	116.31	132.00	232.99	149.74
Earnings Before Interest , exceptional items, extraordinary items and Tax	**393.75**	**229.99**	**794.13**	**1221.06**	**1961.86**	**2867.06**	**1839.06**
Financial Costs	214.95	95.29	449.84	611.31	703.37	1095.79	790.01

Profit Before exceptional items, extraordinary items and Tax	**178.80**	**134.69**	**344.29**	**609.75**	**1258.49**	**1771.27**	**1049.05**
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Earnings before extraordinary items and Tax	**178.80**	**134.69**	**344.29**	**609.75**	**1258.49**	**1771.27**	**1049.05**
Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit / (Loss) before tax	**178.80**	**134.69**	**344.29**	**609.75**	**1258.49**	**1771.27**	**1049.05**
Tax expense:							
Provision for taxation:	**69.02**	**49.33**	**125.13**	**207.26**	**418.05**	**602.02**	**347.85**
Provision for Income Tax	58.20	53.35	75.74	180.51	316.62	362.00	324.67
Current Year	58.20	53.35	75.74	180.51	316.62	354.39	324.67
Previous Year	0.00	0.00	0.00	0.00	0.00	7.60	0.00
Provision for Deferred Tax	3.37	(7.57)	41.29	26.74	101.43	240.02	23.18
Provision for FBT	7.46	3.55	8.10	0.00	0.00	0.00	0.00
Profit / (Loss) After Tax	**109.78**	**85.36**	**219.16**	**402.49**	**840.45**	**1169.25**	**701.20**
Provision for Dividend	0.00	0.00	0.00	(100.00)	0.00	0.00	0.00
Provision for Dividend Distribution Tax	0.00	0.00	0.00	(17.00)	0.00	0.00	0.00
Profit/(Loss) from continuing operations	**109.78**	**85.36**	**219.16**	**285.50**	**840.45**	**1169.25**	**701.20**
Discontinuing Operations							
Profit / (Loss) from discontinuing operations (before tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax expense of discontinuing operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit / (Loss) from discontinuing operations (after tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operations	**109.78**	**85.36**	**219.16**	**285.50**	**840.45**	**1169.25**	**701.20**
Profit / (Loss) for the year	**109.78**	**85.36**	**219.16**	**285.50**	**840.45**	**1169.25**	**701.20**

* Figures for the period from April 1, 2008 to July 2, 2008 pertains to the partnership firm prior to its conversion under Part IX of the Companies Act, 1956 and figures for the period from July 3, 2008 to March 31, 2009 pertains to post conversion into the limited company.
Note: For the purpose of above restated financial statements, the accounts of partnership firm for the year / period ended 31.03.2008 and 01.04.2008 to 02.07.2008 have been recasted in accordance with the requirements of Revised Schedule VI of the Companies Act, 1956.

THE ISSUE

Public Issue of Equity Shares by our Company	[●] Equity Shares of FV ₹ 10/- each for Cash at a price of ₹ [●] including share premium ₹ [●] per equity share aggregating to ₹ 8900.00 Lakhs
Of Which	
Qualified Institutional Buyers (QIB) Portion	[●] Equity Shares of FV ₹ 10/- each, constituting 10% of the Issue *(allocation on proportionate basis)* for cash at a price of ₹ [●] aggregating ₹ 890.00 Lakhs
Of which	
Available for allotment to Mutual Funds	[●] Equity Shares of FV ₹ 10/- each, constituting 5% of the QIB allocation at a price of ₹ [●] aggregating to ₹ 44.50 Lakhs
Balance for all QIBs including Mutual Funds	[●] Equity Shares of FV ₹ 10/- each, constituting remaining portion of the QIB portion at a price of ₹ [●] aggregating to ₹ 845.50 Lakhs
Non-Institutional Portion	Not Less than [●] Equity Shares of FV ₹ 10/- each, constituting not less than 35% of the Issue *(allocation on proportionate basis)* for cash at a price of ₹ [●] aggregating ₹ 3115.00 Lakhs
Retail Portion	Not Less than [●] Equity Shares of FV ₹ 10/- each, constituting not less than 55% of the Issue *(allocation on proportionate basis)* for cash at a price of ₹ [●] aggregating ₹ 4895.00 Lakhs
Equity Shares outstanding prior to the Issue	2,02,20,000 Equity Shares of ₹ 10/- each
Equity Shares outstanding after the Issue	[●] Equity Shares of FV ₹ 10/- each
Use of Issue Proceeds	See the Section "Objects of the Issue" on page no 70 of this RHP

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

Allocation to all categories, except the Retail Portion, shall be made on a proportionate basis. For details see "Issue Procedure - Basis of Allotment" on page no 297

Safety Net: -

Mr. Chalavadi Naga Kanaka Durga Prasad, Mrs. Chalavadi Jhansi Rani, Mrs. P. Dhanalakshmi, Mr. Chalavadi D K Durga Rao, Mr. Annam Kalyan Srinivas, Mr. Annam Subash Chandra Mohan and Mr. Annam Venkata Rajesh are providing Safety Net facility to the Original Resident Retail Individual Allottees. For the details of the Safety Net Scheme, please refer to page no. 57 of this RHP.

GENERAL INFORMATION

Our Company was started as a Partnership firm under the name Sai Silks on August 10, 2005. Later on March 4, 2008 the partnership firm name was changed to Sai Silks (Kalamandir). It was converted into a Private Limited Company under the name and style of Sai Silks (Kalamandir) Private Limited under Part IX of the Companies Act, 1956 and received Certificate of Incorporation on July 3, 2008 from Registrar of Companies, Andhra Pradesh. The status of our Company was changed to a public limited company by a special resolution passed at an EGM held on May 14, 2009. The fresh certificate of incorporation consequent upon change of name was issued to our Company on May 21, 2009 by the Registrar of Companies, Andhra Pradesh. For further details of changes in our name and our registered office please refer the chapter “Our History and Certain Corporate Matters” on page no 136 of this Red Herring Prospectus.

Registered Office	6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad – 500016
Address of Registrar of Companies	II Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500195, Andhra Pradesh
CIN	U52190AP2008PLC059968
Website	www.kalamandir.com
Email	info@kalamadir.com

BOARD OF DIRECTORS

As per the applicable provisions of the Companies Act, 1956 and our Articles, our Company cannot have less than 3 and more than 12 Directors. We currently have 7 Directors.

Name, Address, Age	Status	Designation	DIN
Mr. Chalavadi Naga Kanaka Durga Prasad **Address:** Plot No. 6, Survey No. 87 & 90, Aparna Senor Valley, Shaikpet Village, Shaikpet, Hyderabad – 500 034. **Age:** 44	Executive & Non – Independent	Chairman & Managing Director	01929166
Mr. Chalavadi D K Durga Rao **Address:** H 801 Springfeilds Apartments, Opp HDFC Bank Bellandur Gate, Sarjapur Road, Bengaluru -560102 **Age:** 42	Executive & Non – Independent	Whole-Time Director	02689280
Mr. Annam Kalyan Srinivas **Address:**1-11-220, Flat No.201, Chakkilam Residency, Road No.4, Gurumurthy Lane, Begumpet, Hyderabad – 500 016 **Age:** 38	Executive & Non – Independent	Whole time Director	02428313
Mr. Naveen Nandigam **Address:** H No. 1-3-183/40/21/E, Plot No. 9, P and T Colony, Kavadiguda, Gandhi Nagar, Hyderabad - 500080 **Age:** 50	Non-executive and Independent	Independent Director	02726620
Mr. Jineshwar Kumar Sankhala **Address:** Flat No-306, Chandra Apartments, SBI Colony, Gandhi Nagar, Near Axis Bank ATM, Hyderabad - 500080 **Age:** 30	Non-executive and Independent	Alternate Director to Mr. Laxminivas Jaju	03519040
Ms. Anita Sakuru **Address:** Plot No. B-35, Road No. 7and 10, Film Nagar, Jubilee Hills, Hyderabad -500033. **Age:** 42	Non-executive and Independent	Independent Director	00475947
Mr. Laxminivas Jaju **Address:** 20-2-12, Old Kabutar Khana, Hussaini Alam, Hyderabad – 500 064. **Age:** 60	Non-executive and Independent	Independent Director	02697745

For further details of our directors, see the section titled "Our Management" on page no 140 of this Red Herring Prospectus.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Soumith Kumar Sikinderpurkar
6-3-790/8, Flat No. 1,
Bathina Apartments, Ameerpet,
Hyderabad - 500016.
Tel: +91-040-6656 6555
Fax: +91-040-6610 6699
Email: secretarial@kalamandir.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs / Syndicate / Sub-syndicate members, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs / Syndicate ASBA where the Bid cum Application Form was submitted by the ASBA Bidders.

All grievances arising out of Applications for the Equity Shares made through Trading Members may be addressed directly to the respective Stock Exchanges.

Issue Management Team

BOOK RUNNING LEAD MANAGERS

Ashika Capital Limited
1008, Raheja Centre, 10th Floor,
214, Nariman Point,
Mumbai - 400 021.
Tel: + 91 – 22 – 6611 1700
Fax: + 91 – 22 – 6611 1710
Email: mbd@ashikagroup.com
Website: www.ashikagroup.com
SEBI Regn. No: INM000010536
Contact Person: Mr. Niraj Kothari / Mr. Shriyash Kela

Vivro Financial Services Private Limited
1st Floor ,Manu Mansion,
16/18,Shahid Bhagatsingh Road,
Opp.Old Custom House,Fort,
Mumbai – 400 023.
Tel: + 91 –22 – 22657364
Fax: + 91 – 22 – 22658406
Email: kalamandir@vivro.net
Website: www.vivro.net
SEBI Regn. No: INM000010122
Contact Person: Mr. Tushar Ashar/ Ms. Yamini Dalal

LEGAL COUNSEL TO THE ISSUE

Alliance Corporate Lawyers
805, 8th Floor,
Arcadia, NCPA Marg,
Nariman Point,
Mumbai–400 021
Tel No: +91 22 2204 0822/23
Fax No: +91 22 2204 0824
Email: ankur.loona@alliancelaw.org
Contact Person: Mr. Ankur Loona

REGISTRAR TO THE ISSUE

Bigshare Services Pvt. Ltd.
E-2 Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (East), Mumbai 400 072
Tel: +91 22 4043 0200 / +91 22 4043 0200
Fax: +91-22–2847 5207
Email: ipo@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Babu Raphael
SEBI Registration No.: INR 000001385

STATUTORY AUDITORS

M/s B. Vithlani & Co.
Chartered Accountants
4-1-10/B-12, “Sheetal” Tilak road,
Hyderabad – 500 001
Tel No: 91-040-24756922
Fax No: 91-040-24757914
E mail: brvithlani@yahoo.co.uk
Contact Person: CA Bhavesh R. Vithlani

PEER REVIEW AUDITOR

M/s GV & Co.,
Chartered Accountants.
2-159, Street No 3
Vani Nagar, Malkajgiri
Hyderabad 500047
Tel No:91- 040-66663996
Email: grandhi_vittal@rediffmail.com
Contact Person: CA Vittal Grandhi

IPO GRADING AGENCY

ICRA LIMITED
4A, 4th Floor,
Shobhan 6-3-927/A&B,
Rajbhavan Road,
Somajiguda, Hyderabad - 500082
Tel No:91- 040-40676500
Fax No: 91-040-40676510
Email: info@icraindia.com
Contact Person: Mr. M.S.K.Aditya

BANKERS TO OUR COMPANY

State Bank Of India
Commercial Branch,
Bank Street, Kothi,
Hyderabad - 500095
Tel: 040-24754432
Fax: 040-24761422
Email: sridhar.r@sbi.co.in
Contact person: Mr. Sridhara Babu

State Bank Of Hyderabad
Mahaboobgunj Branch,
'Land Mark Center', Siddiamber bazaar,
Hyderabad-500012
Tel: 040-24650826
Fax: 040-24600895
Email:cmsbh20069@gmail.com
Contact person: Mr. D. Ravindranadh

Kotak Mahindra Bank Limited
6-3-1109/1/P202, 2nd Floor,
Nava Bharath Chambers,
Raj Bhavan Road, Somajiguda,
Hyderabad-500082
Tel: 040-66755039
Fax: 040-66755040
Email:ravi.mandarapu@kotak.com
Contact person: Mr. Ravi Mandarapu

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

STATE BANK OF INDIA
SEBI Regn No. INBI00000038
Capital Market Branch,
Videocon Heritage (Killick House),
Ground Floor, Charanjit Rai Marg,
Mumbai-400 001.
Tel:91-22-2209 4932
Fax:91-22-2209 4921
Website:www.statebankofindia.com
Email:nib.11777@sbi.co.in
Contact Person: Mr. Anil Sawant

HDFC Bank Limited
SEBI Regn No.INBI00000063
FIG - OPS Department, - Lodha,
I Think Techno Campus, O-3, Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai - 400042.
Tel : 91-22-3075 2928
Fax: 91-22-2579 9801
Website: www.hdfcbank.com
Email : uday.dixit@hdfcbank.com
Contact Person : Mr. Uday Dixit

ICICI Bank Limited
SEBI Regn No. INBI00000004
Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel; +91-22-66310322
Fax: +91-22-66310350
Email: anil.gadoo@icicibank.com
Contact Person: Mr. Anil Gadoo

REFUND BANKER

STATE BANK OF INDIA
SEBI Regn No. INBI00000038
Capital Market Branch,
Videocon Heritage (Killick House),
Ground Floor, Charanjit Rai Marg,
Mumbai-400 001.
Tel:91-22-2209 4932
Fax:91-22-2209 4921
Website:www.statebankofindia.com
Email:nib.11777@sbi.co.in
Contact Person: Mr. Anil Sawant

SYNDICATE MEMBER(S)

Ashika Capital Limited	Vivro Financial Services Private Limited
SEBI Regn. No: INM000010536	SEBI Regn. No: INM000010122
1008, 10th Floor, Raheja Centre,	1st Floor ,Manu Mansion, 16/18,Shahid Bhagatsingh Road,
214, Nariman Point,	Opp.Old Custom House,Fort,
Mumbai - 400 021	Mumbai – 400 023.
Tel: + 91-22-6611 1700	Tel: + 91 –22 –2265 7364
Fax: + 91-22-6611 1710	Fax: + 91 – 22 – 2265 8406
Email: mbd@ashikagroup.com	Email: kalamandir@vivro.net
Website: www.ashikagroup.com	Website: www.vivro.net
Contact Person: Mr. Shriyash Kela	Contact Person: Mr. Tushar Ashar/ Ms. Yamini Dalal

SELF CERTIFIED SYNDICATE BANKS

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on www.sebi.gov.in. For details on designated branches of SCSBs collecting the Bid cum Application Form, please refer the above mentioned SEBI website.

SYNDICATE SCSB BRANCHES

In relation to ASBA Bids submitted to a member of the Syndicate, the list of branches of the SCSBs at the Syndicate ASBA Bidding Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) named by the respective SCSBs to receive deposits of Bid-cum-Application-Form from the members of the Syndicate is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For more information on such branches collecting Bid-cum-Application-Forms from the members of the Syndicate at Syndicate ASBA Bidding Locations, see the above mentioned SEBI link.

Trading Members

Individuals or companies registered with SEBI as “trading members” (except Syndicate / Sub-Syndicate Members)who hold the right to trade in stocks listed on BSE & NSE, through whom investors can buy or sell securities listed on the BSE, a list of which are available on http://www.bseindia.com/members/MembershipDirectory.aspx.0 & http://www.nseindia.com/membership/dynaContent/find_a_broker.htm

IPO GRADING

This Issue has been graded by ICRA Limited and has been assigned the “IPO Grade 2” indicating below average fundamentals through its letter dated December 18, 2012. The IPO grading is assigned on a five point scale from 1 to 5 wherein an “IPO Grade 5” indicates strong fundamentals and “IPO Grade 1” indicates poor fundamentals. For details of the summary of rationale for the grading assigned by the IPO grading Agency, please see Annexure 1 on page no. 356. Attention is drawn to the disclaimer appearing on page no 247

CREDIT RATING

As this is an Issue of Equity Shares there is no credit rating for this Issue.

TRUSTEES

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

MONITORING AGENCY

There is no requirement for a Monitoring Agency in terms of the SEBI (ICDR) Regulations since the Issue size is less than ₹ 5,000 million. The Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds.

INTER-SE ALLOCATION OF RESPONSIBILITIES

Following table sets forth with the inter se allocation of responsibilities and co-ordination for various activities between Ashika Capital Limited (Ashika) and Vivro Financial Services Private Limited (Vivro) as Book Running Lead Managers to the Issue:

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital Structuring with the relative components and formalities such as type of instruments, etc.	Ashika & Vivro	Ashika
2.	Conducting a due diligence of the Company's operations/management/business plans/legal, etc. Drafting and designing the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus. Ensuring compliance with the SEBI (ICDR) Regulations 2009 and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI	Ashika & Vivro	Ashika
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges upto bidding and coordinating interface with lawyers for agreements	Ashika & Vivro	Ashika
4.	Primary co-ordination of drafting/proofing of the design of the Red Herring Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.	Ashika & Vivro	Ashika
5.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.	Ashika & Vivro	Ashika
6.	Appointing the Registrars, Appointing Bankers to the Issue, Appointing other intermediaries viz., printers and advertising agency	Ashika & Vivro	Ashika
7.	Marketing of the Issue, which will cover inter alia: ▪ Formulating marketing strategies, preparation of publicity budget, ▪ Finalising media & public relations strategy, ▪ Finalising centres for holding conferences for press and brokers etc, ▪ Finalising collection centres, ▪ Following-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material, ▪ Preparing all road show presentations, ▪ Appointment of brokers to the issue, and ▪ Appointment of underwriters and entering into underwriting agreement.	Ashika & Vivro	Ashika
8.	Coordinating institutional investor meetings, coordinating pricing decisions and institutional allocation in consultation with the Company	Ashika & Vivro	Ashika
9.	Finalising the Prospectus and RoC filing	Ashika & Vivro	Ashika
10.	Co-ordinating post bidding activities including management of Escrow accounts, coordinating with registrar and dispatch of refunds to Bidders, etc.	Ashika & Vivro	Ashika
11.	Follow-up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.	Ashika & Vivro	Vivro
12.	The Post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company.	Ashika & Vivro	Vivro

BOOK BUILDING PROCESS

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band.The Price Band, the minimum Bid lot size will be decided by our Company in consultation with the BRLMs and the sme shall be advertised in two widely circulated newspapers (one each in English and Hindi) and a Regional newspaper with wide circulation, at least five Working Days prior to the Bid/ Issue Opening Date and such advertisement shall be available on the websites of the Stock Exchanges. The Issue Price is finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The BRLMs;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members appointed by the BRLMs;
- Registrar to the Issue;
- Escrow Collection Banks; and
- SCSBs.
- Trading Members / Non-syndicate Members

This Issue is being made through the 100% Book Building Process wherein 10% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIB") Bidders. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 55% of the Issue shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with the SEBI (ICDR) Regulations, QIBs and Non Institutional Buyers shall neither withdraw nor lower the size of the bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. The retail individual investors may either withdraw or revise their bids until finalisation of allotment. As per SEBI circular dated April 29, 2011, use of ASBA facility is mandatory for non-retail investors. Please refer to the section titled "Issue Procedure" on page no 267 for more details.

Our Company will comply with the SEBI (ICDR) Regulations and any other ancillary directions issued by SEBI from time to time for this Issue. In this regard, we have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI (ICDR) Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

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

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

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

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

Steps to be taken by the Bidders for bidding:

1. Check eligibility for making a Bid (see section titled "Issue Procedure-Who Can Bid" on page no 269 of this Red Herring Prospectus);

2. Ensure that you have a PAN, an active dematerialised account and the dematerialised account details including DP ID, Client ID and PAN are correctly mentioned in the Bid cum Application Form. Based on these three parameters, the Registrar to the Issue will obtain details of the Bidders from the Depositories including Bidder's name, bank account number, etc;

3. Except for Bids on behalf of the Central or State Governments, residents of Sikkim and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN in the Bid-cum-Application Form and (see section titled "Issue Procedure – Permanent Account Number" on page no 306);

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

5. QIB Bidders and Non-Institutional Bidders shall compulsorily participate in the Issue through the ASBA process;

6. Ensure the correctness of demographic details given in the Bid cum Application Form, with the details recorded with your Depository Participants;

7. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs or to the members of the Syndicate at the Syndicate ASBA Bidding Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Ensure that the SCSB where the ASBA Account (as specified in the Bid-cum-Application Form) is maintained has named at least one branch at that location for the members of the Syndicate to deposit Bid-cum- Application Forms (a list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

8. Bids by ASBA Bidders may be submitted in the physical mode to the Syndicate at the Syndicate ASBA Bidding Locations and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained.ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSBs or Syndicate ASBA so as to ensure that the Bid cum Application Form is not rejected.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue, including at any time after the Bid Opening Date but before the Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two (2) days of such decision. The BRLMs through the Registrar to the Issue, shall notify the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such notification. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges.

If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges with respect to the Equity Shares issued through this Red Herring Prospectus, which our Company will ensure to complete within 12 Working Days from the Bid/Issue Closing Date;and (ii) the final RoC approval of the Prospectus.

Bid/Issue Programme

BID/ISSUE OPENS ON	**FEBRUARY 11, 2013**
BID/ISSUE CLOSES ON	**FEBRUARY 13, 2013**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. Standardized cut-off time for uploading of bids on the bid/issue closing date is as under:

1. A standard cut-off time of 3.00 pm for acceptance of bids

2. A standard cut-off time of 4.00 pm for uploading of bids received from non retail applicants i.e. QIBs and HNIs.

3. A standard cut-off time of 5.00 pm for uploading of bids received from retail applicants, where the Bid Amount is up to ₹ 200,000 which may be extended up to such time as deemed fit by Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSB or Syndicate ASBA in the electronic system to be provided by the NSE and the BSE. It is clarified that the Bids not uploaded in the book would be rejected.

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

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

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

Our Company in consultation with the BRLMs reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price as disclosed at least five Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

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

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to the filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members does not fulfil its underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the Underwriters including through its Syndicate/Sub Syndicate. The Underwriting Agreement is dated [•]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in Lakhs)
Ashika Capital Limited 1008, Raheja Centre, 10th Floor 214, Nariman Point, Mumbai – 400 021.	[•]	[•]
Vivro Financial Services Private Limited 1st Floor ,Manu Mansion, 16/18,Shahid Bhagatsingh Road, Opp.Old Custom House, Fort, Mumbai – 400 023.	[•]	[•]

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

The above mentioned is indicative underwriting and this would be finalized after the pricing and actual allocation of the Equity Shares and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations . The Underwriting Agreement is dated [●] and has been approved by the Board of Directors.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full as per schedule VIII, Part A, (VI) (B) (15) of SEBI (ICDR) Regulations, 2009 have been complied with. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement with the underwriters.

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

SAFETY NET SCHEME:

Mr. Chalavadi Naga Kanaka Durga Prasad, Mrs. Chalavadi Jhansi Rani, Mrs. P. Dhanalakshmi, Mr. Chalavadi D K Durga Rao, Mr. Annam Kalyan Srinivas, Mr. Annam Subash Chandra Mohan and Mr. Annam Venkata Rajesh who forms part of the Promoters / Promoter group of our Company, are providing a Scheme of Safety Net to the successful Original Resident Retail Individual Allottees. The details of the scheme are as under:

I. The Scheme

- As per Regulation 44 of the SEBI (ICDR) Regulations, 2009, Mr. Chalavadi Naga Kanaka Durga Prasad, Mrs. Chalavadi Jhansi Rani, Mrs. P. Dhanalakshmi, Mr. Chalavadi D K Durga Rao, Mr. Annam Kalyan Srinivas, Mr. Annam Subash Chandra Mohan and Mr. Annam Venkata Rajesh (hereinafter referred to as **"Providers"**) will provide a Safety Net Scheme (**"Scheme"**) for the Equity Shares of our Company allotted in this Initial Public Offer (**"IPO"**).
- Under this Scheme, if the market value of the equity shares falls below the Issue Price at any time during the Scheme Period, the providers will buy only original allotted equity shares of our Company (hereinafter referred to as "Equity Shares") at the issue price i.e. ₹ [●] per equity share from eligible allottees upto a maximum of 1,000 equity shares per eligible allottees (as defined below).

II. Eligibility for the Scheme

- This scheme is open only to Original Resident Retail Individual Allottees **("Eligible Allottees"**) in this IPO. This Scheme is not open to Mutual Funds, Financial /Investment Institutions, Corporate Bodies, Banks, Insurance Companies, Trusts, Non-Resident Indians, HUFs, Non-Institutional Investors and Foreign Institutional Investors.
- This Scheme will remain open for a period of six (6) months from the date of credit of the Equity Shares in the Demat account (**"Scheme Period"**) of the Original Resident Retail Individual Allottees in the IPO through this RHP.

III. Scheme Procedure

- Mr. Chalavadi Naga Kanaka Durga Prasad, one of the Providers has opened a Depository Account with RLP Securities Private Limited, for receiving Equity Shares during the Scheme from eligible allottees.
- Under this Scheme, eligible Allottees who desire to sell their originally allotted equity shares, will be required to submit to their respective depository participant, a Delivery Instruction Slip in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant (**"DP"**) as per the instructions given below:

DP Name	: RLP Securities Private Limited
DP ID	: 12043400
Client ID	: 00067828
Depository	: Central Depository Services (India) Limited (**'CDSL'**)
ISIN	: INE438K01013

  Eligible Allottees having their beneficiary account in National Securities Depository Limited (**"NSDL"**) shall be required to use the inter- depository delivery instruction slip for the purpose of crediting their shares in favour of depository account opened with CDSL.
- Thereafter, the eligible allottees will be required to make the application in writing on a plain paper, furnishing his bank account details for the purpose of remittance of consideration, along with duly signed and acknowledged delivery instruction slip and tender / send the same to the Registrar to the Issue i.e. Bigshare Services Private Limited either by Registered Post/Speed Post/Courier, at their own risk so as to reach the Registrar to the Issue:
  - on or before the expiry of 2 working day from the 15th day of the month if the shares are tendered to the DP during the 1st day of the month to 15th day of the month and
  - on or before the expiry of 2 working days from the last day of the month if the shares are tendered to the DP during 16th day of the month to the last day of the month.
  - Upon verficiation of documents thereof by the Registrar to the Issue and subsequent confirmation to the Provider(s), Mr. Chalavadi Naga Kanaka Durga Prasad, one of the Providers, acting for himself and for and on behalf of other Providers, will release the payment in accordance with the procedure provided in this Scheme.

- Mr. Chalavadi Naga Kanaka Durga Prasad, one of the Providers will open an Escrow Bank Account with Scheduled Commercial Bank and will deposit, jointly or severally, an amount equivalent to 12.50% of the total amount of Safety Net Obligation payable to Eligible Allottees (**"Upfront Amount"**) in the form of cash immediately after allotment of Equity Shares but before listing thereof, which amount shall at all times remain in the Escrow Bank Account as a minimum balance either till expiry of the scheme period or the fulfillment of Providers obligation under the scheme, whichever is earlier. 100% of the balance corresponding amount of safety net obligation shall be deposited in the said escrow bank account in the following manner:
  - within 4 working days from the expiry of the 15th day of the month if the shares are tendered in Off Market mode in favour of the Providers during 1st day of the month to 15th day of the month and
  - within 4 working days from the expiry of the last day of the month if the shares are tendered in Off Market mode in favour of the Providers during 16th day of the month to the last day of the month

  as the case may be.
- The upfront amount alongwith the balance amount, if any, deposited in the Escrow Bank Account by the Providers, shall be utilised towards making fial payment to the eligible allottees under the safety net scheme.
- The eligible Allottees shall send the documents to the Registrar to the Issue by Registered Post / Speed Post / Courier on all Working Days (Monday – Friday) between 10.00 am to 5.30 pm and on Saturdays between 10.00 am to 2.00 pm. No documents should be sent either to the BRLMs, Issuer Company or Providers.
- The amount payable under this scheme shall be settled as under:
  - For equity shares tendered between the 1st to 15th day of the month, payment shall be made by way of cheque/DD/NEFT/RTGS to the respective eligible allottees within 7 working days from the expiry of 15th day of the month.
  - For equity shares tendered between the 16th day of the month to the last day of the month, payment shall be made by way of cheque/DD/NEFT/RTGS to the respective eligible allottees within 7 working days from the expiry of the last day of the month.

IV. Terms & Conditions of the Scheme

- Equity Shares once tendered will not be revocable for any reason.
- The Providers under no circumstances will be liable to offer this scheme to those other than the eligible allottees, i.e. Original Resident Retail Individual Allottees who are holding the Equity Shares allotted by our Company only through this IPO.
- This Scheme will close on the expiry of the Scheme Period and under no circumstances this Scheme will be extended.
- The Providers will not be responsible in any manner for any loss incurred by eligible allotees under the Scheme on account of delayed / non-delivery / misplacement of documents during transit. The eligible allottees are advised to adequately safeguard their interest in this regard.
- Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders from other statutory authorities wherein the Eligible Allottee may be precluded from transferring the Equity Shares during pendency of the said litigation, are liable to be rejected if directions/orders regarding the free transferability of such equity shares tendered under the Scheme are not received prior to the date of Closing of the Scheme.
- Incomplete acceptances, including non-submissions of necessary enclosures, if any, are liable to be rejected. Further, in case the documents submitted are incomplete and/or if they have any defect or modifications, the acceptance is liable to be rejected.
- Equity Shares to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner. It will be the responsibility of the eligible allottees to ensure that the unaccepted shares are accepted by their respective DPs.
- The Providers shall have the right to get the shares transferred in their name or in their nominee's name and/or to sell and dispose off the same to any person at its sole discretion at anytime, at any price and on such terms and conditions as it thinks fit.

- The intending eligible allottees shall give and shall be deemed to have given an unqualified and unconditional warranty of the title in respect of shares which are offered under this Scheme and the same shall be free from claims, liens, charges and encumbrances of whatsoever nature and if any defect is subsequently found in the signature of the allottees or in respect of the title thereto, the eligible allottees whose offer has been accepted, shall indemnify the Providers or their nominees as the transferee, for any loss or damages arising on account thereof.
- This Scheme by the Providers is an independent offer and the eligible allottees for this Scheme shall be deemed to have exercised their prudence while deciding to make an investment in the Equity Shares of our Company on the basis of information given in this RHP.
- The Providers undertake that if, pursuant to this Scheme, the public Shareholding in the Target Company falls below 25% of the paid-up equity share capital, the Providers will bring down the non-public shareholding, in accordance with the methods specified in Clause 40A of the Listing Agreement, to the levels specified (i.e. 75% of the paid-up equity share capital) in Securities Contract (Regulation) Rules, 1957. The Providers also undertake, that pursuant to this Offer, if the Promoters shareholding exceeds the maximum permissible non-public shareholding, under the Regulations, the Promoters shall not make a voluntary delisting offer under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, unless a period of twelve (12) months has elapsed from the date of the completion of the Scheme Period.
- The shares acquired under the safety net scheme would be exempted u/r 10(b)(iv) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Further, the Providers need not file disclosures for acquisitions / sale for the aforesaid shares under SEBI (SAST) Regulations, 2011 and SEBI (Insiders Trading Regulations),1992

V. Financial Capacity of the Providers

In the opinion of the BRLMs, the resources of Mr. Chalavadi Naga Kanaka Durga Prasad, Mrs. Chalavadi Jhansi Rani, Mrs. P. Dhanalakshmi, Mr. Chalavadi D K Durga Rao, Mr. Annam Kalyan Srinivas, Mr. Annam Subash Chandra Mohan and Mr. Annam Venkata Rajesh, who are providing Safety Net Scheme to the eligible allottees is sufficient to enable them to discharge their obligations for the Safety Net Scheme in full.

The Net worth of the Providers as on December 21, 2012 as certified by Mr. Bhavesh Vithlani (Membership No.213135), Partner of M/s B. Vithlani & Co., Chartered Accountants, having office at 4-1-10/B-12,"Sheetal" Tilak Road, Hyderabad- 500 001,Andhra Pradesh; Tel.: 040-2475 6922; Fax: 040-2475 7914, E-mail: brvithlani@yahoo.co.uk vide certificate dated January 16, 2013 is as under:

Sr. No.	Name of the Safety Net Providers	Amount (₹ in Lakhs)
1.	Mr. Chalavadi Naga Kanaka Durga Prasad	2188.50
2.	Mrs. Chalavadi Jhansi Rani	750.55
3.	Mrs. P. Dhanalakshmi	1922.32
4.	Mr. Chalavadi D K Durga Rao	184.36
5.	Mr. Annam Kalyan Srinivas	90.10
6.	Mr. Annam Subash Chandra Mohan	935.20
7.	Mr. Annam Venkata Rajesh	182.84
TOTAL		**6253.87**

Note: The above networth does not include investments in equity shares of Sai Silks (Kalamandir) Limited.

The above Safety Net Scheme has been accepted by our Board at their meeting held on January 18, 2013. The Memorandum of Understanding for Safety Net Scheme has been entered into between our company and Mr. Chalavadi Naga Kanaka Durga Prasad & Others (represented by Mr. Chalavadi Naga Kanaka Durga Prasad, constituted power of attorney holder) on January 18, 2013.

CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Red Herring Prospectus, is set forth below:

(In ₹, except share data)

		Aggregate Nominal Value	Aggregate Value at Issue Price
A.	**Authorized Capital**		
	4,00,00,000 Equity Shares of face value of ₹ 10 each	40,00,00,000	
B.	**Issued, Subscribed and Paid-Up Equity Capital before the Issue**		
	2,02,20,000 Equity Shares before the Issue	20,22,00,000	
C.	**Present Issue in terms of this Red Herring Prospectus***		
	[●]Equity Shares of ₹ 10 each at an Issue Price of ₹ [●] per share	[●]	89,00,00,000
	Of Which:*		
	QIB Portion – [●] Equity Shares of ₹ 10each at a price of ₹ [●] per share	[●]	8,90,00,000
	Non-Institutional Portion – not less than [●] Equity Shares of ₹ 10 each at a price of ₹ [●] per share	[●]	31,15,00,000
	Retail Portion – not less than [●] Equity Shares of ₹ 10each at a price of ₹ [●] per share	[●]	48,95,00,000
D.	**Issued, Subscribed and Paid-Up Capital after the Issue**		
	[●] Equity Shares of ₹ 10 each	[●]	[●]
E.	**Securities Premium Account**		
	Before the Issue	1,43,00,000	
	After the Issue**	[●]	

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

** *The Share Premium account after the issue will be determined only after the Book Building Process.*

The present Issue in terms of this Offer Document has been authorized by the Board of Directors in their meeting held on April 1, 2011 and by the shareholders of our Company at the EGM held on April 29, 2011.

Changes in the Authorised Capital

The change in the Authorised Share Capital since incorporation is as under:

Date of Change/ Meeting	Existing Capital		Additional Capital		Total Capital		Remarks
	No. of Shares	₹ / Share	No. of Shares	₹ / Share	No. of Shares	₹ / Share	
On Incorporation	-	-	1,00,00,000	10	1,00,00,000	10	Incorporation
March 26, 2009	1,00,00,000	10	1,00,00,000	10	2,00,00,000	10	Increase / EGM
July 03, 2009	2,00,00,000	10	80,00,000	10	2,80,00,000	10	Increase / AGM
February 17, 2011	2,80,00,000	10	1,20,00,000	10	4,00,00,000	10	Increase / EGM

NOTES TO CAPITAL STRUCTURE

1. Share Capital History of our Company

Our existing equity share capital has been subscribed and allotted as under:

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Equity Share capital (₹)	Cumulative Share Premium (₹)
July 3, 2008	1,00,00,000	10	--	Allotment of shares to erstwhile partners on Part-IX conversion under the Companies Act, 1956*	Subscription to Memorandum	1,00,00,000	10,00,00,000	NIL
March 31, 2009	1,00,00,000	10	10	Cash	Further Allotment of shares to Promoters/ Promoter Group	2,00,00,000	20,00,00,000	NIL
April 1, 2011	2,20,000	10	75	Cash	Further Allotment of shares to Promoters/ Promoter Group	2,02,20,000	20,22,00,000	1,43,00,000

**Our Company has issued 1,00,00,000 equity shares of ₹10/- each to partners of erstwhile partnership firm i.e. M/s Sai Silks on conversion from partnership firm to private limited company under Part-IX of the Companies Act, 1956 on July 3, 2008 against the capital lying in Partnership firm as on the date of conversion.*

Name of the Allottees for the above allotments are as under:

Sr. No.	Date of Allotment	Name of the Allottees	Category	Number of equity Shares
1	July 3, 2008	Mr. Chalavadi Naga Kanaka Durga Prasad	Promoter	60,00,000
		Mrs. Chalavadi Jhansi Rani	Promoter	19,00,000
		Mr. Annam Kalyan Srinivas	Promoter Group	14,00,000
		Mr. Annam Subash Chandra Mohan	Promoter Group	4,00,000
		Ms. Annam Suchitra	Promoter Group	1,00,000
		Ms. Annam Sowjanya	Promoter Group	1,00,000
		Mr. Annam Venkata Rajesh	Promoter Group	1,00,000
		TOTAL		**1,00,00,000**
2	March 31, 2009	Mr. Chalavadi Naga Kanaka Durga Prasad	Promoter	1,00,00,000
		TOTAL		**1,00,00,000**
3	April 1, 2011	Mr. Chalavadi Naga Kanaka Durga Prasad	Promoter	1,76,000
		Mrs. Chalavadi Jhansi Rani	Promoter	20,900
		Mr. Annam Kalyan Srinivas	Promoter Group	15,400
		Mr. Annam Subash Chandra Mohan	Promoter Group	4,400

		Ms. Annam Suchitra	Promoter Group	1,100
		Ms. Annam Sowjanya	Promoter Group	1,100
		Mr. Annam Venkata Rajesh	Promoter Group	1,100
		TOTAL		**2,20,000**

2. Equity Shares allotted for consideration other than cash:

Except as stated above and reiterated in the below mentioned table, our Company has not issued any Equity Shares for consideration other than cash:

Date of Allotment	Name of Allottees	Number of Equity Shares	Face Value (₹)	Nature of Allotment	Benefits accrued to our company pursuant to the allotment
July 3, 2008	Mr. Chalavadi Naga Kanaka Durga Prasad	60,00,000	10	Allotment of shares to erstwhile partners on Part-IX conversion under the Companies Act, 1956	NA
	Mrs. Chalavadi Jhansi Rani	19,00,000			
	Mr. Annam Kalyan Srinivas	14,00,000			
	Mr. Annam Subash Chandra Mohan	4,00,000			
	Mrs. Annam Suchitra	1,00,000			
	Mrs. Annam Sowjanya	1,00,000			
	Mr. Annam Venkata Rajesh	1,00,000			

3. Our Company has not allotted any Shares in terms of any scheme approved under sections 391-394 of the Companies Act 1956

4. We have not revalued our assets since inception and we have not issued any Equity Shares out of revaluation reserves.

5. Our Company has allotted Equity Shares during preceding one year from the date of the DRHP which may be lower than the Issue price:

Date of Allotment	Name of the Allottees	No. of Equity Shares	FV (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment	Whether part of Promoter / Promoter Group
April 1, 2011	Mr. Chalavadi Naga Kanaka Durga Prasad	1,76,000	10	75	Cash	Further Issue of Shares	Yes
	Mrs. Chalavadi Jhansi Rani	20,900	10	75	Cash	Further Issue of Shares	Yes
	Mr. Annam Kalyan Srinivas	15,400	10	75	Cash	Further Issue of Shares	Yes
	Mr. Annam Subash Chandra Mohan	4,400	10	75	Cash	Further Issue of Shares	Yes
	Ms. Annam Suchitra	1,100	10	75	Cash	Further Issue of Shares	Yes
	Ms. Annam Sowjanya	1,100	10	75	Cash	Further Issue of Shares	Yes
	Mr. Annam Venkata Rajesh	1,100	10	75	Cash	Further Issue of Shares	Yes
	TOTAL	**2,20,000**					

6. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures. We may enter into and/or we may raise additional capital to fund accelerated growth, subject to the compliance with the relevant guidelines/regulations etc.

7. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our company shall comply with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Plan) Guidelines 1999.

8. **Built-up of Promoters Shareholding**

Date of Allotment /Transfer	No of Equity Shares	Cumulative No. Of Shares	FV (₹)	Issue / Transfer Price (₹)	Nature of Transaction	Nature of Consideration	% of Pre Issue Paid – Up Capital	% of Post Issue Paid – Up Capital	Lock in Period (Years)
Mr. Chalavadi Naga Kanaka Durga Prasad									
July 3, 2008	60,00,000	60,00,000	10	--	Allotment of Shares to erstwhile partners on Part-IX conversion under the Companies Act,1956	Other than Cash		[●]	[●]
March 31, 2009	1,00,00,000	1,60,00,000	10	10	Further issue of Shares	Cash	33.00	[●]	[●]
March 29, 2011	(29,31,900)	1,30,68,100	10	Nil	Transfer	Gift*		--	--
April 01, 2011	1,76,000	1,32,44,100	10	75	Further issue of Shares	Cash		[●]	[●]
May 25, 2011	(28,30,800)	1,04,13,300	10	Nil	Transfer	Gift**		--	--
May 25, 2011	(22,24,200)	81,89,100	10	Nil	Transfer	Gift#		--	--
May 25, 2011	(15,16,500)	66,72,600	10	Nil	Transfer	Gift^		--	--
Mrs. Chalavadi Jhansi Rani									
July 03, 2008	19,00,000	19,00,000	10	--	Allotment of Shares to erstwhile partners on Part-IX conversion under the Companies Act,1956	Other than Cash	23.50	[●]	[●]
April 01, 2011	20,900	19,20,900	10	75	Further issue of shares	Cash		[●]	[●]
May 25, 2011	28,30,800	47,51,700	10	--	Transfer	Gift		[●]	[●]

*****_The Shares have been gifted by Mr. Chalavadi Naga Kanaka Durga Prasad to his mother-in-law Mrs.P. Dhanalakshmi and the said shares were transferred in her name on May 25, 2011_

******_The Shares have been gifted by Mr. Chalavadi Naga Kanaka Durga Prasad to his wife and Promoter Mrs. Chalavadi Jhansi Rani_

The Shares have been gifted by Mr. Chalavadi Naga Kanaka Durga Prasad to his daughter Ms. Chalavadi Devamani
^The Shares have been gifted by Mr. Chalavadi Naga Kanaka Durga Prasad to his brother Mr. Chalavadi D. K. Durga Rao

9. The Promoters of our company have not pledged any of their shares.

10. During the past six months, there are no transactions in our equity shares , which have been (sold) / purchased by our Promoters, their relatives and associates , persons in Promoter group (as defined under sub-clause (zb) sub-regulation (1) Regulation 2 of the SEBI (ICDR) Regulations, 2009) or the Directors of our Company other than those mentioned below:

Date	Transferor	Transferee	No. of Shares	FV (₹)	Issue / Transfer Price (₹)	Nature of Consideration	Whether part of Promoter / Promoter Group
March 29, 2011	Mr. Chalavadi Naga Kanaka Durga Prasad	Mrs. P. Dhanalakshmi	29,31,900	10	Nil	Gift	Yes
May 25, 2011	Mr. Chalavadi Naga Kanaka Durga Prasad	Mrs. Chalavadi Jhansi Rani	28,30,800	10	Nil	Gift	Yes
	Mr. Chalavadi Naga Kanaka Durga Prasad	Ms. Chalavadi Devamani	22,24,200	10	Nil	Gift	Yes
	Mr. Chalavadi Naga Kanaka Durga Prasad	Mr. Chalavadi D K Durga Rao	15,16,500	10	Nil	Gift	Yes

11. There has been no financing arrangement whereby the Directors and/ or their relatives have financed the purchase of Equity Shares of our Company, by any other person during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with the SEBI.

12. Promoters Contribution and Lock In:

Date of Allotment /Transfer	Nature of Transaction	Nature of Consideration	No of Equity Shares	FV (₹)	Issue / Transfer Price (₹)	% of Post Issue Lock in*	Lock in Period (Years)
Mr. Chalavadi Naga Kanaka Durga Prasad							
[●]	[●]	[●]	[●]	10	--	[●]	3
Sub - Total (A)			[●]			[●]	
Mrs. Chalavadi Jhansi Rani							
[●]	[●]	[●]	[●]	10	--	[●]	3
Sub - Total (B)			[●]			[●]	
GRAND TOTAL (A+B)			[●]			**20.00**	

* 20% of the Post-Issue Paid-up Equity Share Capital would be locked-in for a period of three years from the date of allotment and balance of the Pre-issue paid-up equity share capital would be locked-in for a period of one year from the date of allotment in this issue. The lock-in period shall be reckoned from the date of allotment of Equity Shares in the present Issue. These securities will not be disposed / sold / transferred by the Promoters during the period starting from the date of filing the Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Red Herring Prospectus. We confirm that minimum Promoters Contribution includes shares allotted to Promoters out of conversion from partnership firm, where the partners of the erstwhile partnership firm and promoters of our Company are same and there is no change in management. These shares have been considered for minimum promoter's contribution as the equivalent share capital existed in the partnership firm for a period of more than one year on a continuous basis in terms of proviso to Regulation 33(1) (c) of SEBI (ICDR) Regulations, 2009.

NOTES:

- Further all the Equity Shares, which are being locked in for three years, are not ineligible for computation of promoter's contribution and lock in as per regulation 33 of SEBI (ICDR) Regulations 2009.

- In terms of regulation 39 of SEBI (ICDR) Regulations 2009, the locked-in Equity Shares held by the Promoters can be pledged only with scheduled commercial banks or public financial institutions as collateral security for any loans granted by such banks or financial institutions, provided that the pledge of shares is one of the conditions under which the loan is sanctioned. Further, Equity Shares locked in as minimum promoters' contribution may be pledged only in respect of a financial facility which has been granted for the purpose of financing one or more of the objects of the Issue.

- In terms of regulation 40 of SEBI (ICDR) Regulations 2009, subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the specified securities held by promoters and locked-in as per regulation 36 may be transferred to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer and the specified securities held by persons other than promoters and locked-in as per regulation 37 may be transferred to any other person holding the specified securities which are locked-in along with the securities proposed to be transferred: Provided that lock-in on such specified securities shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.

13. We confirm that the minimum promoter contribution of 20% of the post issue paid up capital, which is subject to lock –in of 3 years does not consist of:

- Equity Shares acquired within three years for consideration other than cash excluding shares allotted pursuant to the scheme of amalgamation and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources or from bonus issue against equity shares which are ineligible for minimum Promoter's contribution.
- Securities acquired by our promoters and alternative investment funds during the preceding one year, at a price lower than the price at which equity shares is being offered to public in the Initial Public Offer.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- Pledged securities held by the promoters with any creditor (in terms of regulation 33(1) (d) of SEBI (ICDR) Regulations, 2009.
- Promoters' contribution brought in less than the specified minimum lot and from persons not defined as promoters under SEBI (ICDR) Regulations, 2009.
- Shares for which specific written consent has not been obtained from the respective shareholders for the inclusion of their subscription in the minimum promoters' contribution subject to lock-in.

14. The specific written consent has been obtained from the Promoters for inclusion of such number of their existing shares to ensure minimum Promoters contribution subject to lock-in to the extent of 20% of Post Issue paid up Equity Share Capital.

15. The entire pre-issue Equity Share Capital of our Company other than the minimum Promoters' contribution which is locked-in for a period of three years, shall be locked-in for a period of one year from the date of allotment in the present public issue.

16. Mr. Chalavadi Naga Kanaka Durga Prasad, Mrs. Chalavadi Jhansi Rani, Mrs. P. Dhanalakshmi, Mr. Chalavadi D K Durga Rao, Mr. Annam Kalyan Srinivas, Mr. Annam Subash Chandra Mohan and Mr. Annam Venkata Rajesh have entered into the Safety Net Scheme with our Company for providing safety net to the Original Resident Retail Individual Allottees. As per this scheme, safety net providers will buy from each interested Original Resident Retail Individual allottees upto a maximum of 1000 Equity shares at the issue price i.e. ₹ [•] per share, if the market price of the shares of our Company falls below the issue price. For details of the scheme please refer page no. 57 of the RHP.

17. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. 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. The number of Equity Shares to be issued to the Promoters and subject to lock- in will be determined after finalization of Issue Price. The number of shares to be issued to the Promoters will be such so as to ensure that the minimum contribution of 20% of the Post Issue paid-up capital is made and that the same is locked in for a period of 3 years.

18. Since the entire money of ₹ [•] per share (₹ 10 face value + ₹ [•] premium) is being called on application, all the successful applicants will be issued fully paid-up shares only.

19. Shareholding pattern of Promoters & Promoter Group before and after the Issue:

Category of Promoters	Pre Issue		Post Issue	
	No. of Shares	%	No. of Shares	%
1. Promoters				
Chalavadi Naga Kanaka Durga Prasad	66,72,600	33.00	66,72,600	[●]
Chalavadi Jhansi Rani	47,51,700	23.50	47,51,700	[●]
2. Immediate Relatives of Promoters				
P. Dhanalakshmi	29,31,900	14.50	29,31,900	[●]
Chalavadi Devamani	22,24,200	11.00	22,24,200	[●]
Chalavadi D K Durga Rao	15,16,500	7.50	15,16,500	[●]
Annam Kalyan Srinivas	14,15,400	7.00	14,15,400	[●]
Annam Subash Chandra Mohan	4,04,400	2.00	4,04,400	[●]
Annam Venkata Rajesh	1,01,100	0.50	1,01,100	[●]
Annam Suchitra	1,01,100	0.50	1,01,100	[●]
Annam Sowjanya	1,01,100	0.50	1,01,100	[●]
Chalavadi Krishna Murthy	-	-	-	-
Chalavadi Mohana Durga Rao	-	-	-	-
3. Companies in which 10% or more of the share capital is held by the Promoter / an immediate relative of the Promoter / a firm or HUF in which the Promoter or any one or more of their immediate relatives is a member	--	--		--
4. Companies in which company mentioned in c. above holds 10% or more of the share capital	--	--		--
5. HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total	--	--	--	--
6. All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus as "Shareholding of the Promoter Group".	--	--	--	--
Total Promoter & Promoter Group Holding	**2,02,20,000**	**100**	**2,02,20,000**	**[●]**
Total Paid up Capital	**2,02,20,000**	**100**	**[●]**	**100**

20. Shareholding pattern of our Company as on date:

The table below represents our shareholding pattern in accordance with Clause 35 of the Listing Agreement:

Category code	Category of Shareholder	No. of Shareholders	(Pre-Issue)		Number of shares held in dematerialized form	(Post-Issue)		Shares Pledged or otherwise Encumbered	
			No. Of Shares	%		No. Of Shares	%	No. of Shares	As a %
(A)	**Shareholding of Promoter and Promoter Group**								
1	**Indian**								
(a)	Individuals / Hindu Undivided Family	10	2,02,20,000	100.00	2,02,20,000	2,02,20,000	[●]	-	-
(b)	Bodies Corporate	-	-			-	-	-	-
(c)	Central Government / State Government(s)	-	-			-	-	-	-
(d)	Financial Institutions / Banks	-	-			-	-	-	-
(e)	Any Others(Specify)	-	-			-	-	-	-
(e-i)	Trust	-	-			-	-	-	-
	Sub Total(A)(1)	**10**	**2,02,20,000**	**100.00**	2,02,20,000	**2,02,20,000**	**[●]**	**-**	**-**
2	**Foreign**								
(a)	Individuals (Non-Residents Individuals / Foreign Individuals)	-	-			-	-	-	-
(b)	Bodies Corporate	-	-			-	-	-	-
(c)	Institutions	-	-			-	-	-	-
(d)	Any Other, Specify	-	-			-	-	-	-
	Sub Total(A)(2)	-	-			-	-	-	-
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		**10**	**2,02,20,000**	**100.00**	2,02,20,000	**2,02,20,000**	**[●]**	**-**	**-**
(B)	**Public shareholding**								
1	**Institutions**								
(a)	Mutual Funds/ UTI	-	-			-	-	-	-
(b)	Financial Institutions / Banks	-	-			-	-	-	-
(c)	Insurance Companies	-	-			-	-	-	-
(d)	Foreign Institutional Investors	-	-			-	-	-	-
	Sub-Total (B)(1)	-	-			-	-	-	-
2	**Non-institutions**								
(a)	Bodies Corporate	-	-			-	-	-	-
(b)	Individuals								
I	Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	**[●]**	**[●]**	**[●]**	-	-
II	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	-	-	**[●]**	**[●]**	**[●]**	-	-
(c)	Any Other (specify)	-	-			-	-	-	-
(d)	Public Issue	-	-	-	**[●]**	**[●]**	**[●]**		
	Sub-Total (B)(2)	-	-	-	**[●]**	**[●]**	**[●]**		
Total Public Shareholding (B) = (B)(1)+(B)(2)		-	-	-	**[●]**	**[●]**	**[●]**	-	-
TOTAL (A)+(B)		**10**	**2,02,20,000**	**100.00**	**[●]**	**[●]**	**[●]**	**-**	**-**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-			-	-	-	-
GRAND TOTAL (A)+(B)+(C)		**10**	**2,02,20,000**	**100.00**	**[●]**	**[●]**	**100**	**-**	**-**

21. The securities which are subject to lock-in shall carry the inscription "non-transferable" and the non-transferability details shall be informed to the depositories. The details of lock-in shall be provided to the stock exchanges where the shares are to be listed, before listing of the securities

22. As on the date of this Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares. There is no Share Application Money pending allotment as on the date of filing this RHP.

23. 10% of the Issue shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 55% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "Issue Structure" beginning on page no 262 of this Red Herring Prospectus.

24. The Shareholding of Key Managerial Personnel in our Company, is as under ;-

Sr. No.	Name of the Key Managerial Personnel	No. of Equity Shares held	Percentage
1.	Mrs. Chalavadi Jhansi Rani	47,51,700	23.50
2.	Mr. Annam Subash Chandra Mohan	4,04,400	2.00
3.	Mr. Annam Venkata Rajesh	1,01,100	0.50

25. As on the date of filing this Red Herring Prospectus with SEBI, the entire issued Share Capital of our Company is fully paid-up.

26. Shareholders of our Company and the number of Equity Shares held by them is as under:

(a). As of the date of this Red Herring Prospectus:

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage
1.	Mr. Chalavadi Naga Kanaka Durga Prasad	66,72,600	33.00
2.	Mrs. Chalavadi Jhansi Rani	47,51,700	23.50
3.	Mrs. P. Dhanalakshmi	29,31,900	14.50
4.	Ms. Chalavadi Devamani	22,24,200	11.00
5.	Mr. Chalavadi D K Durga Rao	15,16,500	7.50
6.	Mr. Annam Kalyan Srinivas	14,15,400	7.00
7.	Mr. Annam Subash Chandra Mohan	4,04,400	2.00
8.	Ms. Annam Suchitra	1,01,100	0.50
9.	Ms. Annam Sowjanya	1,01,100	0.50
10.	Mr. Annam Venkata Rajesh	1,01,100	0.50
Total		**2,02,20,000**	**100.00**

(b). Top ten shareholders as of ten days prior to the date of this Red Herring Prospectus:

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage
1.	Mr. Chalavadi Naga Kanaka Durga Prasad	66,72,600	33.00
2.	Mrs. Chalavadi Jhansi Rani	47,51,700	23.50
3.	Mrs. P. Dhanalakshmi	29,31,900	14.50
4.	Ms. Chalavadi Devamani	22,24,200	11.00
5.	Mr. Chalavadi D K Durga Rao	15,16,500	7.50

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage
6.	Mr. Annam Kalyan Srinivas	14,15,400	7.00
7.	Mr. Annam Subash Chandra Mohan	4,04,400	2.00
8.	Ms. Annam Suchitra	1,01,100	0.50
9.	Ms. Annam Sowjanya	1,01,100	0.50
10.	Mr. Annam Venkata Rajesh	1,01,100	0.50
Total		**2,02,20,000**	**100.00**

(c). Two years prior to date of this Red Herring Prospectus:

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage
1.	Mr. Chalavadi Naga Kanaka Durga Prasad	1,60,00,000	80.00
2.	Mrs. Chalavadi Jhansi Rani	19,00,000	9.50
3.	Mr. Annam Kalyan Srinivas	14,00,000	7.00
4.	Mr. Annam Subash Chandra Mohan	4,00,000	2.00
5.	Ms. Annam Suchitra	1,00,000	0.50
6.	Ms. Annam Sowjanya	1,00,000	0.50
7.	Mr. Annam Venkata Rajesh	1,00,000	0.50
Total		**2,00,00,000**	**100.00**

27. Our Company has not raised any bridge loan against the proceeds of this Issue.

28. There will be no further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares have been listed or refund of the application money, as the case may be.

29. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

30. Our Company, our Directors, our Promoters or the Promoter Group shall not make any, direct or indirect, payments, discounts, commissions or allowances under this Issue, except as disclosed in this Red Herring Prospectus.

31. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.

32. The BRLMs or associates of the BRLMs do not hold any Equity Shares in our Company.

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

34. There are restrictive covenants in the agreements entered into by our Company with certain lenders for short-term and long-term borrowing. For further details, see the section "Financial Indebtedness" on page no 233 of this Red Herring Prospectus.

35. As of date of this Red Herring Prospectus, the total number of holders of Equity Shares is Ten (10).

SECTION IV: PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The present Issue is being made for the following purposes:

Sr. No.	Particulars
I.	Setting up of Retail Outlets
II.	Expenses to be incurred for Brand Promotion
III.	Pre-payment of Term Loan facility
IV.	Meeting Long Term Working Capital Requirement
V.	Issue Expenses

The other objects of the issue also include creating a public trading market for the equity shares of our company by listing them on BSE and NSE.

The main Object Clause of our Memorandum of Association and Objects incidental to the main objects enable us to undertake existing activities as well as activities for which the funds are being raised through this Issue.

Requirement of Funds

(₹In Lakhs)

Sr. No.	Particulars	Amount
I.	Setting up of Retail Outlets	1273.33
II.	Expenses to be incurred for Brand Promotion	850.00
III.	Pre-payment of Term Loan facility	91.00
IV.	Meeting Long Term Working Capital Requirement	5999.75
V.	Issue Expenses	[●]
	Total	[●]

Means of Finance

(₹ in Lakhs)

Sr. No.	Particulars	Amount
I.	Proceeds from Initial Public Offer	8900.00
II.	Internal Accruals	[●]*
	Total	[●]

**We have incurred an amount of ₹117.38 Lakhs till December 15, 2012 relating to the Objects of the Issue which has been certified by our Statutory Auditors, M/s B. Vithlani & Co. vide their certificate dated December 22, 2012.*

The entire fund requirement towards the aforesaid Objects of the Issue is proposed to be funded through the Proceeds from the Issue and Internal Accruals and hence, no amount is proposed to be raised through any other means of finance. Accordingly, regulation 4 (2) (g) of SEBI (ICDR) Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue and through existing identifiable internal accruals), does not apply. The free reserves of our company as on October 31, 2012 stood at ₹ 3443.91 Lakhs.

The fund requirement and deployment thereof are based on management's internal estimates and have not been appraised by any bank or financial institution or any independent entity. Our plans are subject to a number of variables, including possible cost over runs, receipt of government approvals, and changes in management views of the desirability of current plans, among others.

In case of any variations in the actual utilization of funds earmarked for the objects set forth above, increased fund requirement for a particular object may be met with by surplus funds, if any, available in respect of the other object for which the funds are being raised in the Issue, subject to applicable law, and/or our Company's internal accruals, and/ or the term loans/working capital loans that may be availed from the Banks/ Financial Institutions. In the event of any shortfall in the Issue proceeds, the requirement shall be satisfied from internal accruals.

In case the Public Issue does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals.

Appraisal

Our Company has not got its proposed requirement of funds as detailed in this chapter appraised by any bank or financial institution or any independent agency.

Details of Objects of the Issue

I. Setting up of Retail Outlets

Our Company intends to expand its retail outlet network by increasing the number of existing retail outlets. At present, our company has15 retail outlets spread across South India.

Our company proposes to set up and operate additional 4 retail outlets to meet the need for growth as the market expands and achieve a sizeable presence in South India. Our company proposes to take on lease property spaces to set up these outlets. Accordingly, our company would be required to pay security deposit upon entering into relevant lease agreements with the Lessors. These deposits have been estimated at five to twelve months rent payable on similar sized properties in similar locations in the city. Typically, firm arrangements for establishing retail outlets are tied up only a few months before actual retail outlet launch. As on date, we have not made any firm arrangements in relation to the outlets that we propose to establish.The total cost in setting up of these retail outlets is ₹ 1273.33 lakhs, details of which are given here under:

Sr. No.	Particulars	Amount (₹ in Lakhs)
1.	Interiors	1035.28
2.	Security / Lease Deposit	238.05
	TOTAL	**1273.33**

Break-up of Cost of Interiors

Sr. No.	Particulars	Amount (₹ in Lakhs)
1.	**Civil Work** Brick work, Flooring, Painting, False ceiling, Internal wiring etc	304.85
2.	**Furniture & Fixtures** Racks, Counter, Railing, Glasses, Chairs, Trial rooms etc	561.31
3.	**Plant & Machinery** Generator, Air Conditioners, Lifts, Transformers etc	136.62
4.	Computer Hardware & Utility items	32.50
	TOTAL	**1035.28**

Note: The cost of interiors has been estimated by Shilpalaya Associates, having their office at, Plot No. 13, Sy. No. 51 & 52, near HMDA STP, Kavuri Hills, Phase II extn, Madhapur, Hyderabad-500 081

As detailed out in the table given below, Security / Lease Deposit for 4 retail outlets is based on lease rent deposit estimates given by, M/s Fulcrum Management Services, having their office at 401, Bhaskara Mansion, Tahir Ville Yousufguda Check Post, Hyderabad.

Sr. No.	Location	Area (In Sq. Ft.)	Lease Deposit Amount (₹ In Lakhs)
1	Uppal, Main Road, Hyderabad (Security deposit calculated at ₹ 48/- per sqft for 5 months)	20000	48.00
2	Shivaji Nagar, Nizamabad (Security deposit calculated at ₹ 35/- per sqft for 12 months)	6000	25.20
3	Bandar Road, Vijayawada (Security deposit calculated at ₹ 47/- per sqft for 10 months)	7500	35.25
4	T.Nagar , Chennai (Security deposit calculated at ₹ 135/- per sqft for 12 months)	8000	129.60
	TOTAL	**41500**	**238.05**

We have considered the above quotation for the budgetary estimate purpose. The actual cost of interiors and deposits to be paid may vary. The shortfall, if any, will be met out of Internal Accruals and surplus, if any will be deployed in the business of our Company. None of the vendors/ suppliers mentioned above are related to our company and its promoters / group entities.

II. **Expenses to be incurred for Brand Promotion**

Our Company's brand strategies are aimed at following objectives:

1. Retain and develop our customers
2. Brand penetration across South India

Our Company is in the business of retailing of sarees. We intend to increase the presence of our brands "KALAMANDIR", "MANDIR" & "VARAMAHALAKSHMI" in South India with an increased level of advertising and publicity that would be required to support our market spread. We believe that the continuous branding exercise will enhance the recall value in the minds of customers and will help in increasing demand of our product. The brand promotion exercise is a part of an initiative that we believe would enable greater visibility for our products on the retail shelf. An amount of ₹ 850.00 Lakhs is to be incurred on brand promotion and the estimate is based on media plan dated December 24, 2012 received from Sumaja Creations, Hyderabad, our associated concern .

Our brand Promotion budget includes advertising through television, radio, newspaper, outdoor (hoardings, unipole/ pole boards), other media (SMS, social network, events) etc. Going forward, our Company proposes to strengthen the branding and marketing initiatives by incurring the amount as under:

Sr. No.	Particulars	Amount (₹ in Lakhs)
1.	Newspaper Advertising	172.04
2.	Television Advertising	185.33
3.	Radio Advertising	75.94
4.	Outdoor Advertising (hoardings, unipole/ pole boards, Magazines)	295.86
5.	Other media (SMS, Social Network, Events)	120.83
	TOTAL	**850.00**

III. **Pre-payment of Term Loan facility**

Our company has entered into number of long term financing arrangements with State Bank of India and one of such arrangement (Term Loan) is for an amount of ₹ 275.00lakhs. Our company intends to utilise ₹ 91.00 Lakhs towards prepayment of such term loan in order to reduce the interest burden on our company. Prepayment of such loan facilities will marginally reduce the debt equity ratio of our company.

Under the terms and condition of the above mentioned debt, prepayment of such debt, in part or whole anytime during their respective tenure may attract certain prepayment penalties in certain cases. Payment of such penalty, if any, shall be made by our company out of its internal accrual.

The detail of term loan facility proposed to be prepaid is as under:

Name of Leading Bank	**State Bank of India**
Nature of loan facility	Term Loan IV
Sanctioned Amount (₹ in Lakhs)	275.00
Disbursed Amount (₹ in Lakhs)	275.00
Amount Outstanding as on December 31, 2012 (₹ in Lakhs)	115.22
Date of Sanction letter	September 2, 2010
Repayment Schedule	12 Quaterly Installments commencing from April, 2011
Tenor (years)	3Years and 6 months
Rate of Interest	3.10% above Base Rate

Our company has availed this loan for setting up of retail outlets at Banjara Hills & Patny in Hyderabad and Vijayawada.

The broad sub-headings under which this loan has been utilized have been certified by M/s B Vithlani & Associates, Chartered Accountants, Auditors of our company vide certificate dated May 16, 2011 and the details are as follows:

Particulars	Amount (₹ in Lakhs)
Civil Works	60.30
Furniture & Fixtures	163.90
Plant & Machinery	50.80
Total	**275.00**

The auditors have also certified that the above loan was utilized for the purpose for which it was sanctioned.

IV. **Meeting Long Term Working Capital Requirement**

The working capital requirement has been calculated on the basis of additional working capital which will be required after the implementation of expansion plans of our company. The expansion plans are expected to be completed in the Financial Year 2013-2014. We are proposing to meet our long term working capital requirements, to the extent of ₹ 5999.75 Lakhs, from the proceeds of the Issue.

Our proposed Working Capital requirement and funding for the same is given hereunder:

(₹ In Lakhs)

Particulars	As on March 31, 2012 (Audited)	As on October 31, 2012 (Audited)	Estimates considering Expansion
Current Assets (A)			
Inventories			
- Raw Material	-	-	-
- Finished Goods (Textiles)	9480.25	12258.43	15755.53
Trade Receivables	114.24	105.97	387.90
Other Current Assets	633.61	1206.42	1611.76
Sub -Total (A)	**10228.10**	**13570.82**	**17755.19**
Current Liabilities (B)			
Trade Payables(Purchases)	890.73	1265.58	1126.22
Other Current Liabilities	1433.59	2662.76	1558.73
Sub -Total (B)	**2324.32**	**3928.34**	**2684.95**
Working Capital Gap (A-B)	**7903.78**	**9642.48**	**15070.24**
Actual/ Projected Net Working Capital Available #	2063.96	1920.49	1920.49
Bank Finance Available	5839.82	7721.99	7150.00
Amount to be financed through Issue Proceeds			**5999.75**

includes internal accruals

The assumptions for current assets and current liabilities for our Company are given in the Table below:

Sr. No.	Particulars	Underlying Assumption
1	Sales	
	- for the existing Showrooms	Sales for the existing showrooms to increase by 6% over the previous year
	- for proposed showrooms	Sales for the new retail outlets are based on the past experience
2	Purchases	Purchases based on the Cost of Goods Sold worked out on the basis of the estimated Sales, Gross Profit margin and the inventory holding period.
3	Working capital components estimations	Based on the past trend, we have worked out the inventory holding period, Receivable Collection Period and Creditors Credit Period.
	- Finished Goods (Textiles)	Average of 5 months of estimated Total Cost of Goods Sold
	- Receivables	Average No. of 3 days of the estimated Total Sales

	- Creditors (Textiles)	Average No. of 15 days of estimated Purchases
4	Other Current Assets	These includes, advances to suppliers, advances to staff, advances given to service providers, such as AMC etc., and also includes the TDS made by the parties and taxes paid. Other current assets are estimated based on past trend and management estimates.

Our company has been sanctioned ₹7150.00 Lakhs as a regular working capital limits. Also our company has Stand by Line of Credit of ₹ 350.00 Lakhs. Additionally ₹ 749.38 Lakhs has been sanctioned by Kotak Mahindra Bank Limited as working capital facilities against credit card receivables, which is on a reducing balance basis. The outstanding amount to Kotak Mahindra Bank Limited against credit card receivables as on October 31, 2012 is ₹ 608.74 Lakhs and has been included in Other Current Liabilities as per revised Schedule VI.

All the above calculation is based on management estimates and has not been appraised by any bank or financial institutions.

V. **Issue Expenses**

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, advertisement expenses, listing fees, etc. The estimated Issue expenses are as follows:

Sr. No.	Particulars	Amount (₹ in Lacs) *	Percentage of Total Estimated Issue Expenditure *	Percentage of Issue Size *
1.	Fees of BRLMs/Syndicate Member(s)/Registrar/Legal Advisor	[●]	[●]	[●]
2.	Underwriting commission ,brokerage, commission to non-syndicate / trading members, selling commission etc.	[●]	[●]	[●]
3.	IPO Grading fees, Advertising & marketing expenses ,printing & stationery ,distribution ,postage etc.	[●]	[●]	[●]
4.	Filing fees of SEBI & Stock Exchanges fees including processing and bidding terminals fees	[●]	[●]	[●]
5.	SCSB's / Syndicate ASBA commission	[●]	[●]	[●]
6.	Other expenses (Auditors fees, Industry Report fees, Advisory fees etc.)	[●]	[●]	[●]
	Total Estimated Issue Expenditure	[●]	[●]	[●]

** will be completed after finalization of Issue Price*

Our Company shall pay Commission for uploading the bid to Non-Syndicate / Trading Members @ ₹ 15/- per valid application procured from retail individual bidders (ASBA & Non-ASBA bidders) and @ ₹ 25/- per valid application procured from non- institutional bidders (ASBA bidders). Further, SCSBs would be entitled to a processing fee of ₹ 10/- per valid Bid cum Application Form for ASBA bidders.

Schedule of Implementation

Sr. No.	Particulars	Expected Month of Commencement	Expected Month of Completion
1.	Setting up of Retail Outlets	March, 2013	October, 2013
2.	Brand Promotion Activities	April, 2013	March 2014

Deployment of Funds & Sources

We have incurred an amount of ₹ 117.38 Lakhs till December 15, 2012 relating to the Objects of the Issue which has been certified by our Statutory Auditors, M/s B. Vithlani & Co**.** *vide* their certificate dated December 22, 2012.

The above mentioned expenses have been incurred towards Issue expenses and they have been financed through internal accruals of our Company.

Year-wise Schedule of Deployment of Fund

(₹In Lakhs)

Sr. No.	Activities	Funds Deployed up to 15.12.2012	Financial Year ended March 2013	Financial Year 2013-14	Total
1.	Setting up of Retail Outlets		273.00	1000.33	**1273.33**
2.	Pre-payment of Term Loan	-	91.00	**-**	**91.00**
3.	Brand Promotion	-		850.00	**850.00**
4.	Meeting Long Term Working Capital Requirements	-	2000.00	3999.75	**5999.75**
5.	Issue Expenses	117.38	[●]	-	[●]
	Total	**117.38**	[●]	**5850.08**	[●]

Interim Use of Funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds to be received from the Issue. Pending utilization for the purposes described above, our Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time. Our Company confirms that pending utilization of the Issue proceeds; it shall not use the funds for any investments in the Equity Markets.

Monitoring of Utilization of Funds

As our Issue size is less than 500 Crores, we have not appointed any monitoring agency to monitor the utilization of issue proceeds, as the same is not required as per SEBI Regulations. Our Board of Directors will monitor the utilization of proceeds of this Issue on a regular basis.

We will disclose the utilization of the proceeds raised through this Issue under a separate head in our financial statements clearly specifying the purpose for which such proceeds have been utilized. As per the requirements of Clause 49 of the Listing Agreement, we will disclose to the Audit Committee the uses/applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this RHP and place it before the Audit Committee. The said disclosure shall be made till such time that the full proceeds raised through the Fresh Issue have been fully spent. The statement shall be certified by our Statutory Auditors. Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in the Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49.
No part of this Issue proceeds will be paid by us as consideration to our Promoter, Directors, key managerial personnel or entities promoted by our Promoter, save and except in the normal course of business.

BASIC TERMS OF THE ISSUE

Terms of the Issue

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

Terms of Payment

Applications should be for a minimum of [•] equity shares and [•] equity shares thereafter. The entire price of the equity shares of ₹ [•] per share (₹ 10/- face value + ₹ [•] premium) is payable on application.

In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Authority for the Issue:

The Issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on April 1, 2011. The shareholders of our Company authorized and approved this Issue under section 81(1A) of the Act by passing a Special Resolution in the Extra-ordinary General Meeting of our Company held on April 29, 2011.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Face Value and Issue Price per Share

The Equity Shares having a face value of ₹ 10/- each are being offered in terms of this RHP at a price of ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Price Band: ₹ [●] to ₹ [•] per Equity shares of Face Value of ₹ 10/- each. The Floor Price is [•] times of the Face Value and the Cap Price is [•] times the Face Value.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [•] Equity Shares to the successful bidders.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the members of the Syndicate if any within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act, 1956.

BASIS FOR ISSUE PRICE

Investors should review the entire Red Herring Prospectus, including the sections "Risk Factors", "Business Overview" and "Financial Statements" beginning on page nos 16, 107 and 164 respectively, of this Red Herring Prospectus to get a more informed view before making the investment decision.

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

Qualitative Factors

Our following strengths help to compete successfully in our industry:

- Value Proposition and Understanding the Consumers
- Apparel range catering to wide customer base
- Well equipped distribution network
- Adequate Information Technology Infrastructure
- Visual Merchandising
- Strong Management and Marketing Team with industry Specific Experience
- Personal relationship at the outlet floor
- Commitment to Quality

For detailed discussion on the qualitative factors which form the basis for computing the price, please see, "Our Business" beginning on page no 107 of this Red Herring Prospectus.

Quantitative Factors

The information presented in this section is derived from our audited restated financial statements prepared in accordance with Indian GAAP. Investors should evaluate our Company taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. **Earnings Per Share (EPS)**

Financial Period	Earnings Per Share (₹)	Weight
April 1, 2012 toOctober 31, 2012 (7 months)*	3.47	
Year ended March 31, 2012	5.78	3
Year ended March 31, 2011	4.20	2
Year ended March 31, 2010	2.01	1
Weighted Average	**4.63**	

*Not Annualised

Note:

(a) *EPS represents adjusted earnings per share calculated as per Accounting Standard 20 issued by Institute of Chartered Accountants of India.*

(b) *The figures which are disclosed above are based on the restated audited financial information of our company.*

(c) *The weighted average number of Equity shares is the number of Equity Shares outstanding at the beginning of the year, adjusted by the number of Equity share issued during the year multiplied by the time-weighting factor. The time-weighting factor is number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.*

2. Price/Earning (P/E) ratio in relation to Issue Price of ₹ [●] per share of ₹ 10 each:

Particulars	Issue Price of ₹ [●] per share
Based on EPS for March 31, 2012 of ₹ 5.78	₹ [●]
Based on weighted average EPS of ₹ 4.63	₹ [●]

Industry P/E

We do not have exact comparable peer group, hence no comparison with industry peers is disclosed.

3. Return on Net Worth (RoNW):

Financial Period	RoNW %	Weight
April 1, 2012 to October 31, 2012 (7 months)*	13.03	
Year ended March 31, 2012	24.86	3
Year ended March 31, 2011	23.60	2
Year ended March 31, 2010	15.73	1
Weighted Average	**22.92**	

*Not Annualised

Note: *RoNW is the adjusted profit after tax, as restated, divided by net worth as restated at the end of year/period.*

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

The minimum return on increased net worth required to maintain pre-Issue EPS of ₹ **[●]** is **[●]** % at the lower end of the price band and **[●]** % at the higher end of the price band.

Note: *Net worth is the sum total of the share capital, the reserves and the surplus*

5. Net Asset Value (NAV) per Equity Share of face value of ₹ 10 each

As on March 31, 2012	₹ 23.26
Pre – Issue (as on October 31, 2012)	₹ 26.61
Issue Price	[●]
Post Issue	[●]

Note:

(i) Issue Price and the NAV after the Issue will be determined on conclusion of Book Building Process.

(ii) NAV is the net worth as restated divided by Equity Shares at the end of the specified period, if any.

6. Comparison of Accounting Ratios with Industry Peers

We do not have exact comparable peer group. Hence, it is not possible to provide an industry comparison in relation to our Company.

7. The face value of our equity shares is ₹ 10/- and the Issue Price is ₹ [●]

The BRLMs believes that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative factors. For further details, please see the section "Risk Factors" beginning on page no 16 of this Red Herring Prospectus and the section "Financial Statements" including important profitability and return ratios, as set out in the Auditor's Report stated on page no 164 of this Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

The Board of Directors
Sai Silks (Kalamandir) Limited
6-3-790/8, Flat No. 1,
Bathina Apartments,
Ameerpet,
Hyderabad-500016

We hereby confirm that the enclosed annexure, prepared by the Company, states the possible tax benefits available to Sai Silks (Kalamandir) Limited, ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfil.

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

Direct Taxes Code Bill, 2010 ("the DTC Bill") was introduced in Parliament and has been referred to for their report. The DTC Bill has not been enacted and hence, the provisions contained in the DTC Bill have not been discussed.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

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

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

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Sai Silks (Kalamandir) Limited. We shall not be liable to Sai Silks (Kalamandir) Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fee relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For B.VITHLANI &
Chartered Accountants

CA Bhavesh R. Vithlani
Membership Number: 213135
Firms Membership No: 011505S

Place: Hyderabad.
Dated: June 22, 2012

STATEMENT OF POSSIBLE BENEFITS AVAILABLE TO SAI SILKS (KALAMANDIR) LTD. AND ITS SHAREHOLDERS

I. SPECIAL TAX BENEFITS

1. Special benefits available to our Company under the Income-Tax Act, 1961 (the Act)

Section 80IA of the Income Tax Act, 1961 (hereinafter referred as the "the Act") provides 100% deduction in respect of profits and gains derived by generation of power for 10 years commencing from the initial assessment year. Initial assessment year means the assessment year specified by the assessee at his option to be the initial year not falling beyond the fifteenth assessment year starting from the previous year in which the undertaking generates power or commences transmission or distribution of power. Deduction under section 80IA is available, subject to prescribed conditions.

2. Special benefits available to the shareholders of our Company under the Act.

There are no special benefits available to the share holders of the Company.

II. GENERAL TAX BENEFITS

1. General benefits available to the Company under the Income-tax Act, 1961 ('the Act')

A) BUSINESS INCOME:

a) Depreciation

The Company is entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets owned by it and used for the purposes of its business under section 32 of the Act.

Besides normal depreciation, the Company, in terms of section 32(1)(iia), Subject to Conditions as Stated therein shall be entitled to claim Additional depreciation @ 20% of actual cost on new plant and machinery for the period of one year after acquired on or after 31st March, 2005.

The company can also claim an additional depreciation under section 32(1)(iia) @ 20% on the actual cost of new windmills and any specially designed devices which run on windmills (i.e new plant & machinery) acquired and installed on or after 01.04.2012 subject to conditions as stated.

Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward & set off against any source of income in subsequent AYs as per section 32 subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73 of the Act.

b) Preliminary Expenditure:

As per Section 35D, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit or expenditure in connection with the proposed initial public offer (IPO) for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions and limits specified in that section.

c) Expenditure incurred on voluntary retirement scheme:

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

d) Carry forward of business loss

As per Section 72 of the Act, Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

e) Deduction for interest on borrowed capital

As per Section 36(1)(iii) of the Act and subject to the conditions mentioned therein, the company is eligible for a deduction for interest paid by it in respect of capital borrowed for the purpose of the business and profession.

f) Set off of business losses

As per Section 71 of the Act, the Company is eligible to set-off business loss against income under any other head for that assessment year..

g) MAT Credit:

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

B) CAPITAL GAINS:

a) Long Term Capital Gain (LTCG)

LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10, held by an assessee for more than 12 months

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months

b) Short Term Capital Gain (STCG)

STCG means gain arising out of transfer of capital asset being share held in a company or any other security listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10, held by an assessee for 12 months or less

In respect of any other capital asset, STCG means capital gain arising from the transfer of capital asset, held by an assessee for 36 months or less

c) LTCG arising on transfer of equity shares or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section

d) As per second proviso to section 48, LTCG arising on transfer of capital assets, other than bonds and debentures excluding capital indexed bonds issued by Government, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration

i. As per section 112, LTCG is taxed @20% plus applicable surcharge (SC) thereon (if any), 2% education cess (EC) on tax plus Surcharge and 1% "Secondary and Higher Education Cess" (S & HEC) on income-tax and surcharge from financial year 2007-08

ii. However as per proviso to section 112(1), if such tax payable @ 20% on LTCG (other than LTCG on equity shares or equity oriented mutual fund) on transfer of listed securities/units/Zero coupon bonds with benefit of indexation, exceeds tax payable @ 10% on LTCG calculated @ 10% without availing benefit of indexation, the excess tax will be ignored

e) As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), on a recognized stock exchange on or after 1st October, 2004, are subject to tax at the rate of 15 per cent (plus applicable SC + EC+ S & HEC), provided the transaction is chargeable to STT.

f) As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years

g) As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

h) Under section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in long-term specified bonds issued by the following and subject to the conditions specified therein:

i. National Highways Authority of India constituted under section 3 of National Highways authority of India Act, 1988
ii. Rural Electrification Corporation Limited, a company formed and registered under the Companies act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. There is a ceiling of ₹ 50 lacs on the amount of investment that an assessee can make on or after April 1, 2007 in the above-specified long-term assets.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer

C) INCOME FROM OTHER SOURCES

Dividend income:

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

Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act, subject to such income not arising from transfer of units in such Mutual Fund

2. Key benefits available to the Members of the Company

A. Resident Members

i. Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholder from a domestic company is exempt under Section 10(34) read with Section 115O of the Act

ii. Capital Gains:

1. Benefits outlined in Paragraph II.1.(B) above are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders

2. As per Section 54F of the Act, LTCG arising to individual and HUF from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of

one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

3. In case of resident individuals and Hindu Undivided Families, where taxable income (as reduce by long-term capital gains) is below the basic exemption limit, only the excess of the aggregate income over the maximum amount not chargeable to tax will be subjected to income-tax.

iii. Clubbing of Income:

Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of ₹ 1500/- per minor child under section 10(32) of the IT Act

iv. Rebate/Deduction:

In terms of Section 36(1)(xv) of the Act, STT paid by a shareholder in respect of taxable securities transactions (i.e. transaction which is chargeable to STT) entered into in the course of business would be eligible for deduction from the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions subject to conditions and limits specified in that section

v. In accordance with section 10(23D) of the Income Tax Act, all Mutual Funds registered under the Securities and Exchange Board of India Act or set up by public sector banks or a public financial institution or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax all their income, including income from investment in the shares of the Company.

vi. AMT Credit:

As per the provisions of section 115JC to 115JF, the individual is eligible to claim credit for Alternate Minimum Tax ("AMT") paid for any AY commencing on or after April 1, 2013 against normal income tax payable in subsequent AYs. AMT credit shall be allowed for any A.Y. to the extent of difference between the tax computed as per the normal provisions of the Act for that A.Y. and the AMT which would be payable for that A.Y. Such AMT credit will be available for set-off up to 10 years succeeding the A.Y. in which the AMT credit initially arose.

B. Key Benefits available to Non-Resident Member

i. Dividend income:

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a domestic company shall be exempt under section 10(34) read with Section115-O of the Act

ii. Capital gains:

Benefits outlined in Paragraph 2 II(1)(B)(d)&(g) II(2)(A)(ii)(1) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders

With effect from AY 2013-14, As per Section 112 of the Act, long term capital gain on transfer of unlisted securities (i.e. unlisted shares, unlisted debentures etc.), will be taxable @ 10% (+SC+EC+SHEC) subject to conditions and to the extent specified therein. This benefit is available only if the indexation benefit is not claimed and capital gain is calculated without giving effect to first proviso to section 48.

iii. Rebate/Deduction:

Benefits outlined in Paragraph II 2 A.(iv) above are also applicable to the non-resident shareholder

iv. Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation, if any as per the provisions of the applicable double tax avoidance agreements

v. Special provision in respect of income/ LTCG from specified foreign exchange assets available to Non resident Indians under Chapter XII-A

1. Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India

2. Specified foreign exchange assets includes shares of an Indian company acquired/purchased/subscribed by NRI in convertible foreign exchange

3. As per section 115E, income [other than dividend which is exempt under section 10(34)] from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable SC + EC +S & HEC). No deductions in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income

4. As per section 115E, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable SC + EC+ S & HEC).

5. As per section 115F, LTCG arising from transfer of a foreign exchange asset shall be exempt in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under section 115F

6. As per section 115G, if the income of a NRI taxable in India consist only of income/ LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under section 139

7. As per section 115H of the Act, when a non-resident Indian become assessable as a resident in India, he/she is entitled to furnish a declaration in writing to the Assessing Officer along with the return of income 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 transferred or otherwise converted into money

8. As per section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing the return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and, accordingly, his total income for that assessment year will be computed in accordance with the other provisions of the Act

vi. Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of ₹ 1500/- per minor child under section 10(32) of the IT Act

C. **Key Benefits available to Foreign Institutional Investors (FIIs)**

i. **Dividend income:**

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

ii. **Capital Gains:**

As per section 115AD of the Act, income (other than income by way of dividends referred to section 115O) received in respect of securities (other than units referred to in section 115AB) shall be taxable at the rate of 20% (plus applicable surcharge and cess). No deduction in respect of any expenditure / allowance shall be allowed from such income.

As per section 115AD of the Act, capital gains arising from transfer of securities shall be taxable as follows:

a. As per section 111A of the Act, STCG arising on transfer of securities where such transaction is chargeable to STT shall be taxable at the rate of 15% (plus applicable surcharge and cess), STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable surcharge and cess).
b. LTCG arising on transfer of securities where such transaction is not chargeable to STT shall be taxable at the rate of 10% (plus applicable surcharge and cess). The indexation benefit shall not be available while computing the capital gains.

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

iii. **Exemption of capital gains from Income tax**

a. LTCG arising on transfer of securities where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act

b. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph1 (B) (g) above

iv. **Rebate/Deduction:**

Benefit as outlined in Paragraph II(2)(A)(iv) above are also available to FIIs

v. **Tax Treaty Benefits:**

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double tax avoidance agreements

D. **Key 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 and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions

E. **Key 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 registered with the Securities and Exchange Board of India, set up to raise funds for investment in a Venture Capital Undertaking would be exempt from income tax, subject to conditions as specified.

Venture Capital Undertaking (VCU) shall include certain specified domestic companies whose shares are not listed in a recognized stock exchange in India

III. Wealth Tax Act, 1957

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

Notes:

a) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders

b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile

c) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

SECTION V: ABOUT OUR COMPANY

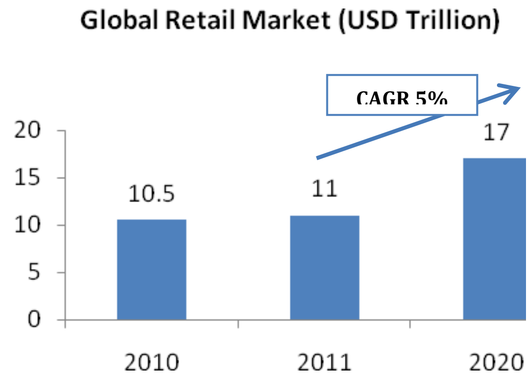
INDUSTRY OVERVIEW

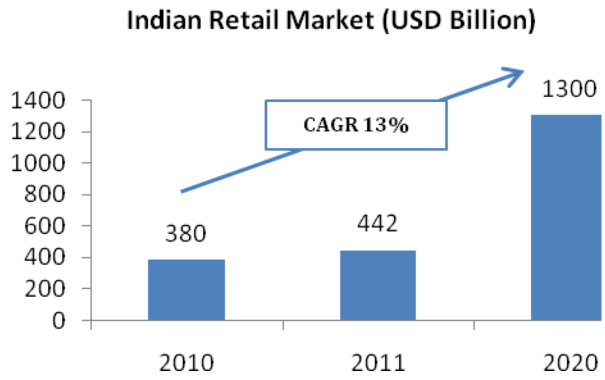
Unless otherwise indicated, the information in this section is derived from Industry Report dated December 20, 2012 on Ethnic Wear and Apparel Industry prepared by Technopak Advisors Private Limited and other various official and unofficial publicly available materials and sources of information. It has not been independently verified by our Company; the Book Running Lead Managers and their respective legal or financial advisors, and no representations is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness, underlying assumptions and reliability cannot be assured. Accordingly, investment decisions should not be based on such information.

RETAIL INDUSTRY

Global Retail Industry Overview

The global retail market generated around USD 11 trillion in 2011 and is growing slowly despite economic slowdown in major markets like US & EU. Global retail market is expected to record yearly growth of close to 5% through 2020 to reach around USD 17 trillion. The Indian retail industry is pegged at USD 442 billion and is expected to grow @ 13% annually to reach USD 1.3 trillion by 2020. A significant part of growth is expected to come from organised retail, which is expected to increase its share from 8% currently to 25% by 2020.

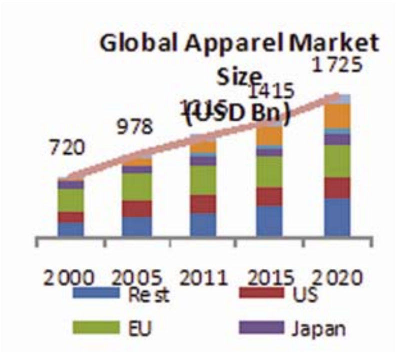


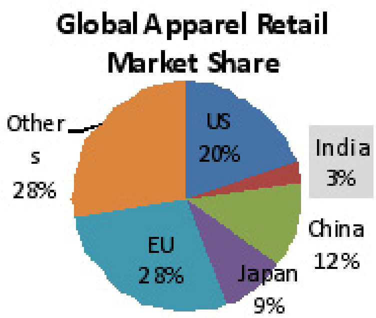


Source: Technopak Analysis, 2012

Apparel Retail Market

The size of the global apparel market in 2011 was USD 1215 billion. The largest market for apparel is in Europe, followed by USA, China, Japan and Brazil. The share of India in the global market stood at 3% or USD 40 billion. The market for apparel is expected to grow @ 4% CAGR and reach USD 1725 billion approximately in 2020.

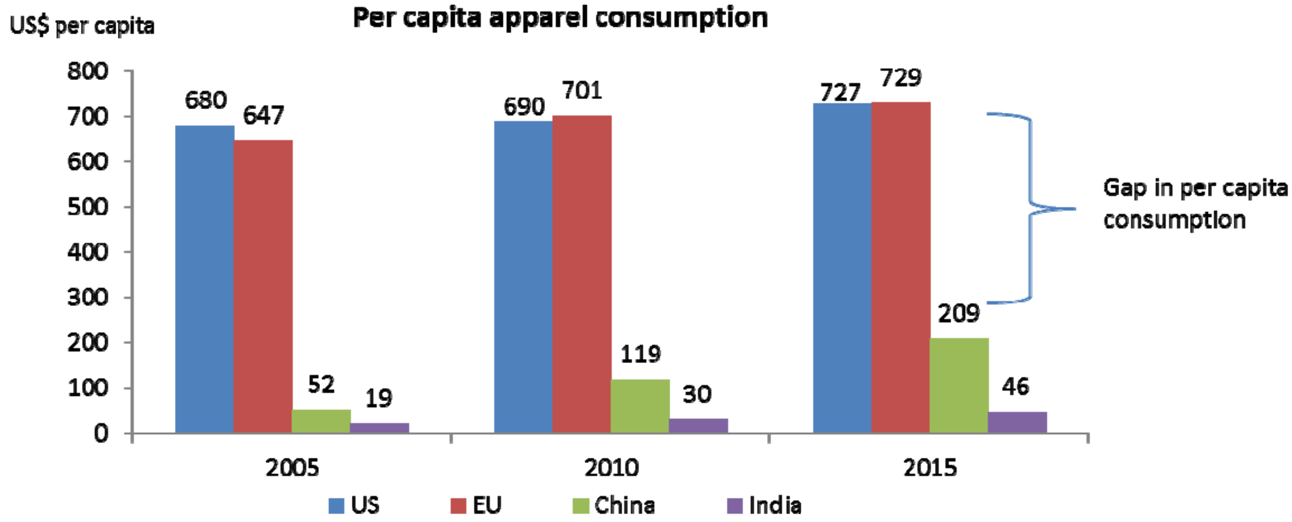




Source: US Census Bureau, EU CBI, NBS China, Technopak Analysis, 2012

Source: Technopak Analysis, 2012

One of the key growth drivers for global apparel retail market is the increasing per capita apparel consumption of developing countries like China and India. From 2010 to 2015, the per capita apparel consumption is expected to increase by 75% in China & 50% in India and this trend is likely to continue through 2020 and beyond.



Source: Technopak Analysis, 2011

Textile and Apparel Market in India

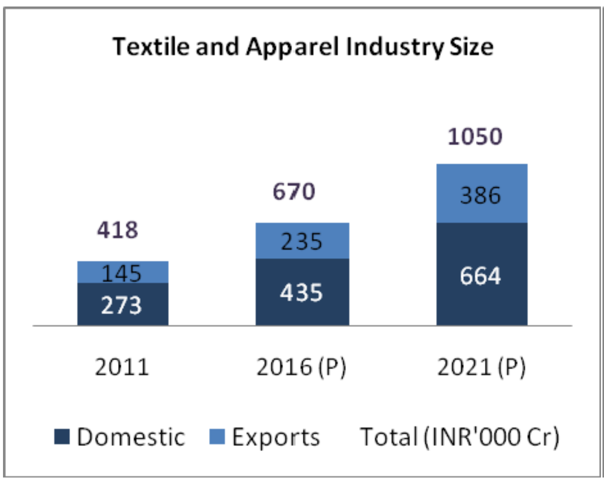
The textile and apparel industry is one of the leading segments of the Indian economy and the largest source of foreign exchange earnings for India. This industry accounts for 5% of the gross domestic product (GDP), and around10% of export earnings.

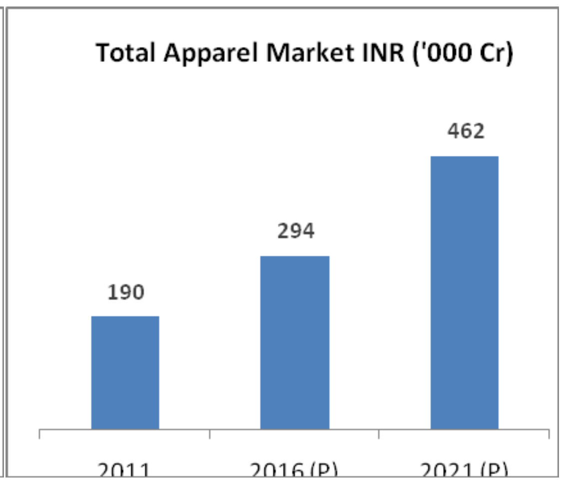
India is the world's second-largest textile producer (after China), and is diversified and capable of producing a wide variety of textiles. India has a large fiber base, and ranks as the world's second largest producer of key raw materials including cotton, cotton yarn, cellulosic fibre / yarn, silk, synthetic fibre and yarn and jute.

India's textile and apparel industry benefits from a large pool of skilled workers and competent technical and managerial personnel. The textile and apparel industry employs about 45 million people, making it the largest source of industrial employment in India.

Indian Textile and Apparel Industry Size

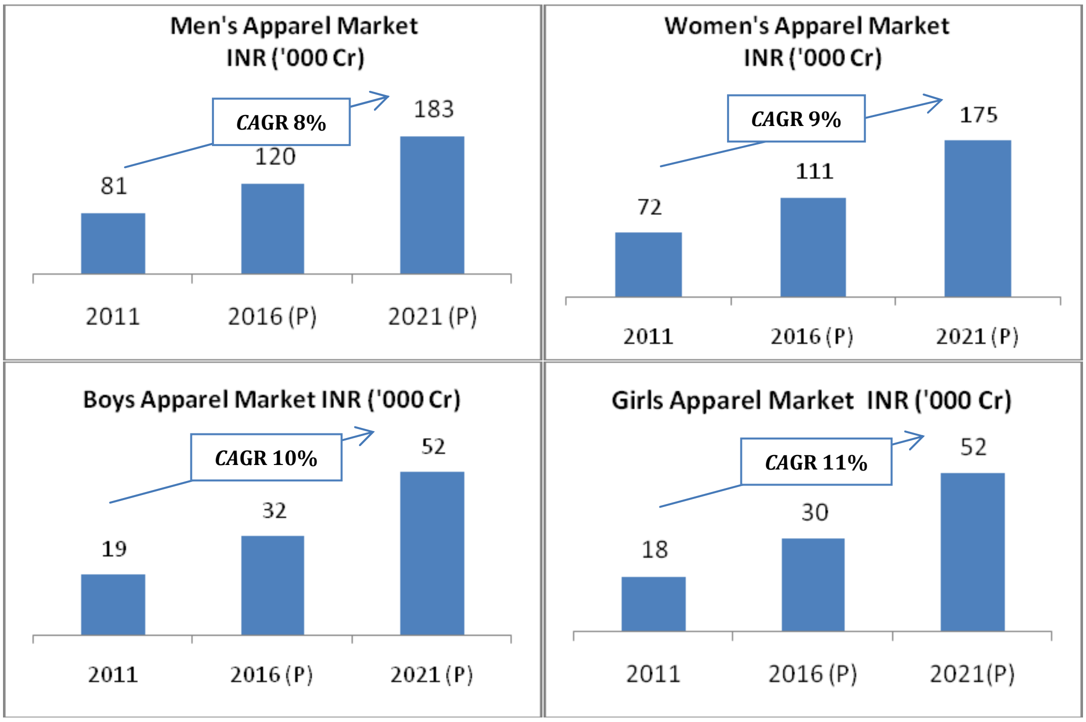
India's total textile and apparel industry size (Domestic + Exports) is estimated to be ₹ 4,18,000 crores (USD 89 billion) in 2011 and is projected to grow at a CAGR of 9.5% to reach ₹ 10,50,000 crores (USD 223 billion) by 2021.Indian domestic apparel market is estimated to be around ₹ 190,000 crores and is expected to grow at a CAGR of 9% to reach around ₹ 462,000 crores by 2021.





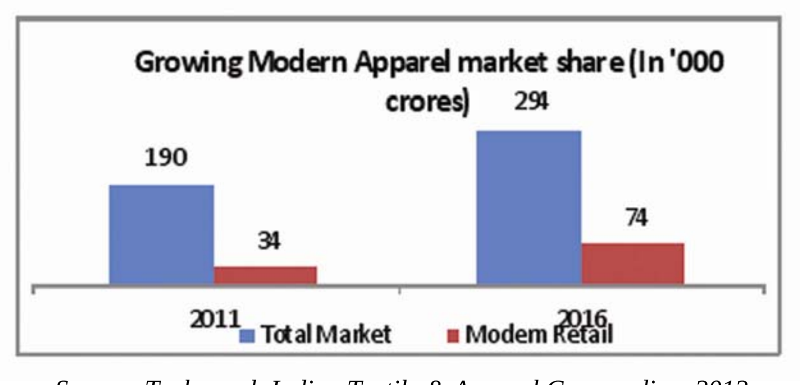
Source: Technopak-Indian Textile & Apparel Compendium 2012

Currently menswear is the biggest segment of the apparel market; however kids wear and women's wear are growing faster than men's segments. Kids wear (Girls) has the highest growth rate. In 2011 the men's apparel market stood at INR 80,950 crores (43% of the total apparel market size), followed closely by the women's apparel market at INR 72,040 crores.



Source: Technopak-Indian Textile & Apparel Compendium 2012

Modern Apparel Retail in India



Source: Technopak-Indian Textile & Apparel Compendium 2012

The growth in the apparel segment is expected to be primarily driven by the growth in Modern retail. Currently comprising 18% of the total market, the modern retail share is poised to grow sharply over the next 5 years to contribute a 25% share. The increased presence of retail formats across hypermarkets, specialty retail formats, cash & carry as well as e-commerce shall drive growth of modern retail. Also increasing presence of international brands will further fuel market growth. The recent relaxation in FDI policy will attract more international brands into India in the future.

Key challenges for the Indian textile industry

Despite high growth potential of the textile and apparel market, there are several challenges for the industry including the following:

1. Rising costs such as Labour costs, power costs and other manufacturing costs are rising in India. This paired with the highly uncertain raw material prices pose huge challenge for the industry.
2. Slowdown in major markets like US, EU etc. is impacting the Indian apparel exports. This is because the wallet share of apparel as opposed to essentials is going down in these markets.
3. With increasing requirement of technology and innovation in designs, skilled labour requirement is increasing. Subsequently, training of labour for skill development is a challenge for the industry.
4. Retaining skilled labour is also a challenge. Rise of alternate employment opportunities in other sectors like Automobiles, Telecom, IT and Retail, among others; attract labour away from textile industry.
5. Most of the Industry has typically grown around the metros, where the cost of living is high. The overall industry is yet to see a full grown shift from a high cost centre to a low cost centre within the country. Hence the transition of manufacturing to lower cost base will be a challenge.
6. Lack of ‘Economies of Scale’ - The Indian apparel industry is highly fragmented, and lacks overall scale. Smaller set-ups pose more challenges in meeting the overall requirements of the customer in terms of quantities, quality, environment compliances etc. Lack of scales also contributes to higher cost of operations.
7. Besides lack of scales, there are also only few vertically integrated manufacturing units. Lack of vertical integration also results in increased costs and risks in the supply chain.

Government Initiatives

However, even with the above challenges, there is tremendous optimism in the sector. Government support coupled with industry initiatives has made a significant impact on growth. Some of the government initiatives in this sector are as follows:

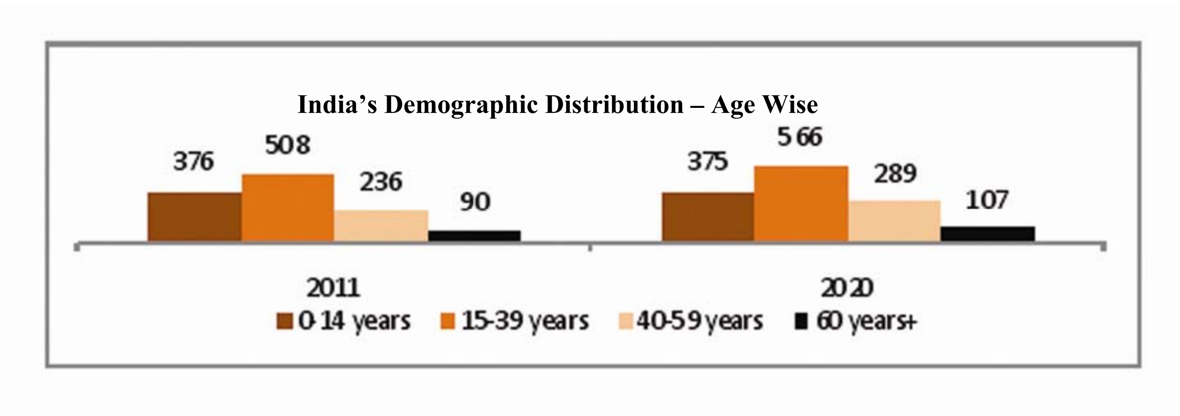
- **Technology Up-gradation Fund Scheme (TUFS):** allocation of approximately USD 600 million for the scheme. The Government is also planning to enhance subsidy allocation for modernization of the textile industry under TUFS in future.
- **SITP: The Scheme for Integrated Textile Parks (SITP)** was approved in July 2005 to create new textile parks of international standards at potential growth centres. Development of additional textiles parks against the backdrop of successful implementation will facilitate additional investment, employment generation and increase in textile production.
- **State Aids for Setting up Textile Parks:** Certain states are providing impetus to the growth of textile industry through benefits for investments in textile parks. Maharashtra and Tamil Nadu governments have provided a grant of USD 2 million to set up textile parks in certain regions. Maharashtra also provides an additional interest subsidy for investments in these parks.
- **Integrated Skill Development Scheme (ISDS):** this is a scheme launched by the Ministry of Textiles for the training of youth/workers in the field of textiles as professional training and also to provide knowledge to professionals in the industry on the latest developments, technology, etc.
- **Comprehensive Mega Cluster Schemes:** The broad objectives of the Mega cluster approach Scheme is to enhance the competitiveness of the Power loom clusters, Handloom clusters & Handicraft clusters, in terms of increased market share and ensuring increased productivity by higher unit value realization of the products.
- **Technology Mission of Technical Textiles:** Government has launched TMTT for a period of five years from 2010-11 to 2014-15. TMTT is addressing issues like:
    - Marketing development support
    - Skilled manpower
    - Infrastructure such as research & development and testing facilities.
    - Lack of regulatory measures, standards and specifications etc.

Besides the above, in 2012 many policy initiatives were taken by the Government which would have significant impact on the textile and apparel industry in the near future. On the retail front the decision to allow 100% FDI in single brand retail and 51% in multi brand retail would have significant impact on foreign investments in retail. Already several brands are reviewing their ownership structure with many opting for joint venture with Indian partner with their majority stake.

There were also policy initiatives taken for the textile manufacturing sector at state level. Maharashtra Government announced their textile policy 2012-17 involving 10% additional interest subsidy for new investments in specific locations, for projects approved under Technology Up gradation Fund Scheme (TUFS). The policy expects to attract investments worth ₹ 40,000 cr. Gujarat Government also followed up with their textile policy (Navi Gujarat Vastra Niti 2012-17) providing subsidies and financial assistance for new investments. Other states like Karnataka, Punjab and Tamil Nadu have also introduced various attractive policies supporting textile sector in their respective states.

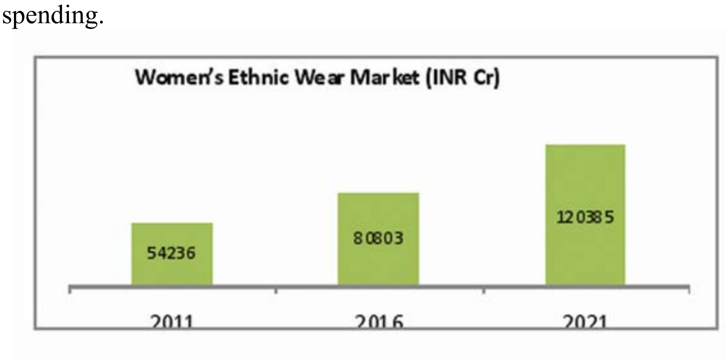
Growth Drivers for Apparel Retail Market

1. **Demographic factors-**Majority of India’s population is aged between 15-39 yrs. This population is more aspirational and aware and with higher spending power. This young population group will grow and continue to have the same share for next 10 years and will drive consumption in the domestic market.



Source: Technopak analysis, 2012

2. **Rising Incomes:** The per capita income of India has been rising steadily at 10% annually along with the number of households. The number of households classified as ‘middle-class’ (household income ₹ 1.8 to 9 lacs per annum) has grown two times since 2001 and is expected to grow at 12% per annum over the next 5 years.
3. **Increased Spending:** Traditionally, Indian consumers focused on savings. However with rising incomes and various lifestyle influences are ensuring that consumers spend more across categories. Other aspects, such as increased number of women in the workforce, increase in family income, easier access to credit and society’s acceptance of self-indulgence, are changing purchasing habits.
4. **Increased Urbanization:** India’s urban population is growing @ 2.4% annually and share of urban population has grown from 27.7% in 2001 to 31.2% in 2011. This increasing urbanization will further fuel growth in spending.



Source: India Census study, Technopak Analysis, 2012

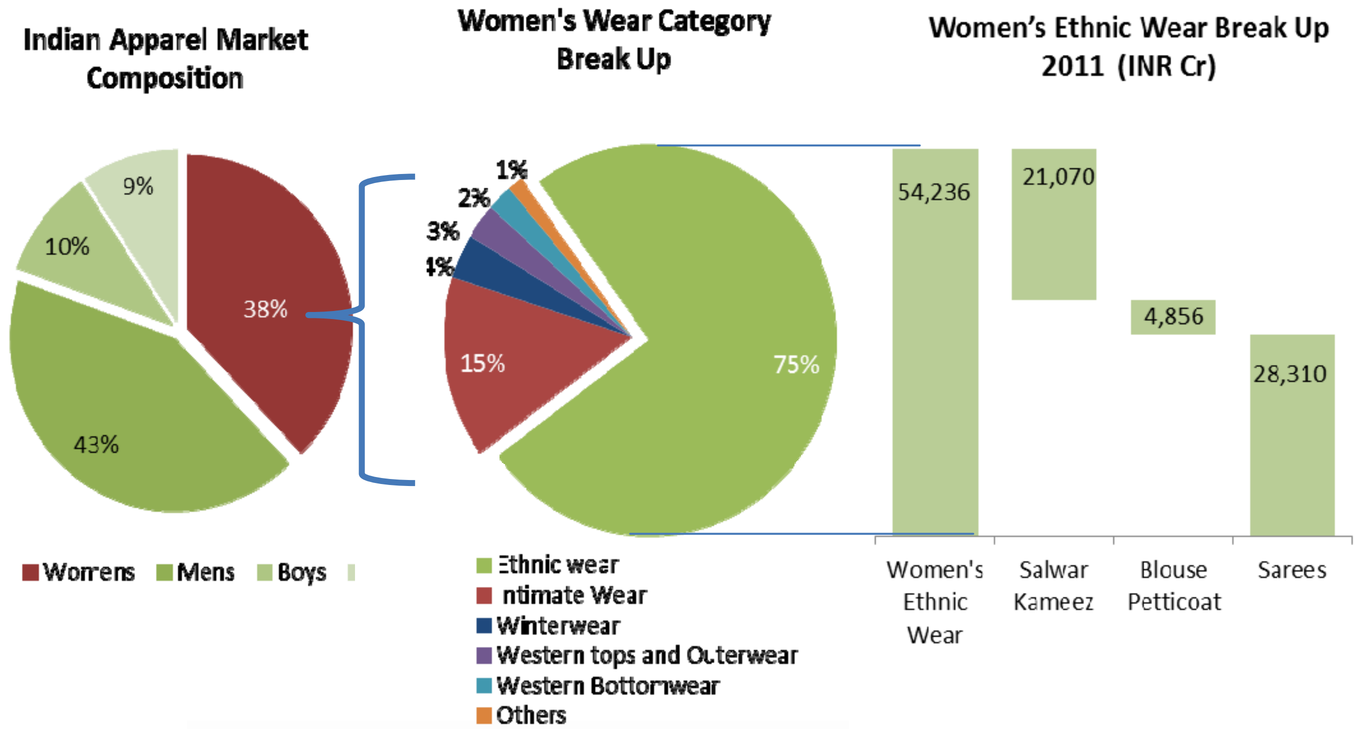
5. **Penetration of brands in to smaller cities:** Many brands have expanded beyond the metros and are exploring tier 1, tier 2 and tier 3 cities. With increasing presence of brands in smaller cities, the consumption in these cities will also increase.

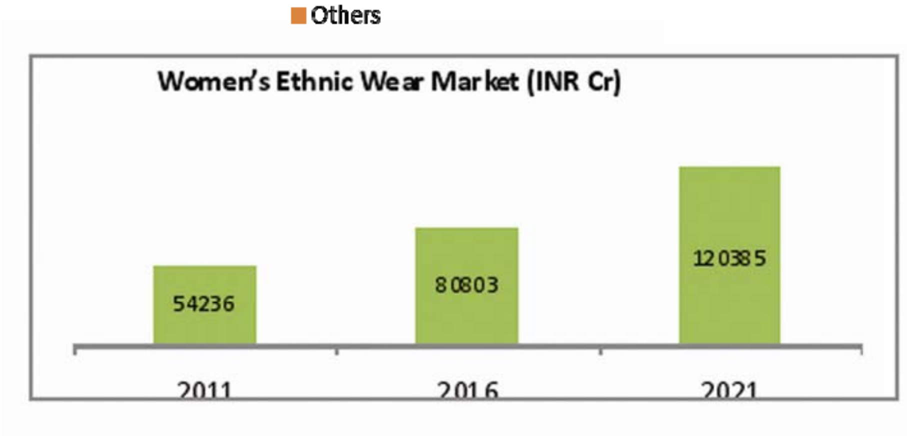
6. **Government policy initiatives:** Government policy initiatives involving easing of FDI norms for multibrand retail will attract more foreign retailers in India. The increasing presence of international brands and retailers will also further drive consumption.

Women's Ethnic wear Industry in India

Market Scenario of Women’s Ethnic wear in India

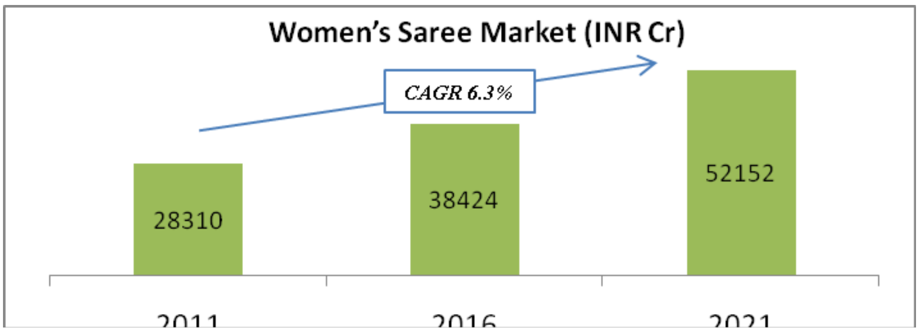
Women’s wear category constitutes 38% of the total apparel market of India. The size of the women’s ethnic wear market is ₹ 54,236 crores constituting 75 % of the total women’s wear market.The women’s ethnic wear market is expected to grow at a healthy rate of 8.3% and reach ₹ 120385 crores by 2021.





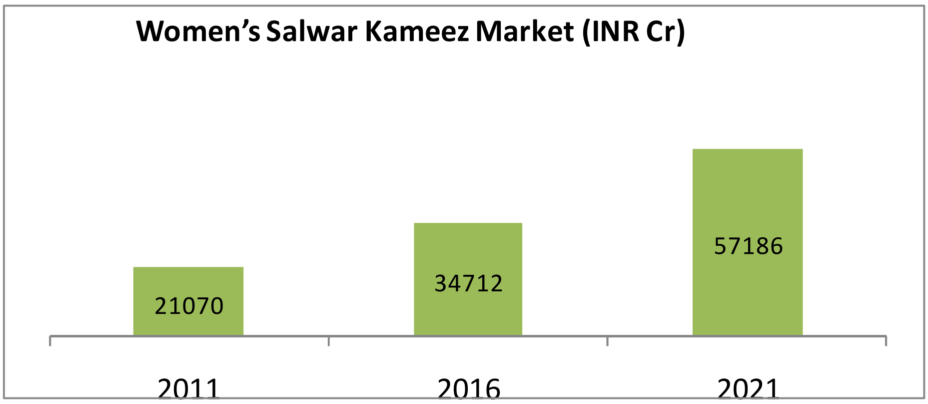
Source: Technopak Analysis

Sarees comprise around 52% of the women's ethnic wear market.Sarees market is estimated to be ₹ 28310 crores in 2011 and is expected to grow @ 6.3 % annually to reach ₹ 52152 crores by 2021. Brand/ Retail presence in the organized market is larger in the southern markets with some of the prominent names including Pothys, RMKV, Nalli, Sri Kumaran Silks, Chennai Silks etc.



Source: Technopak Analysis, 2012

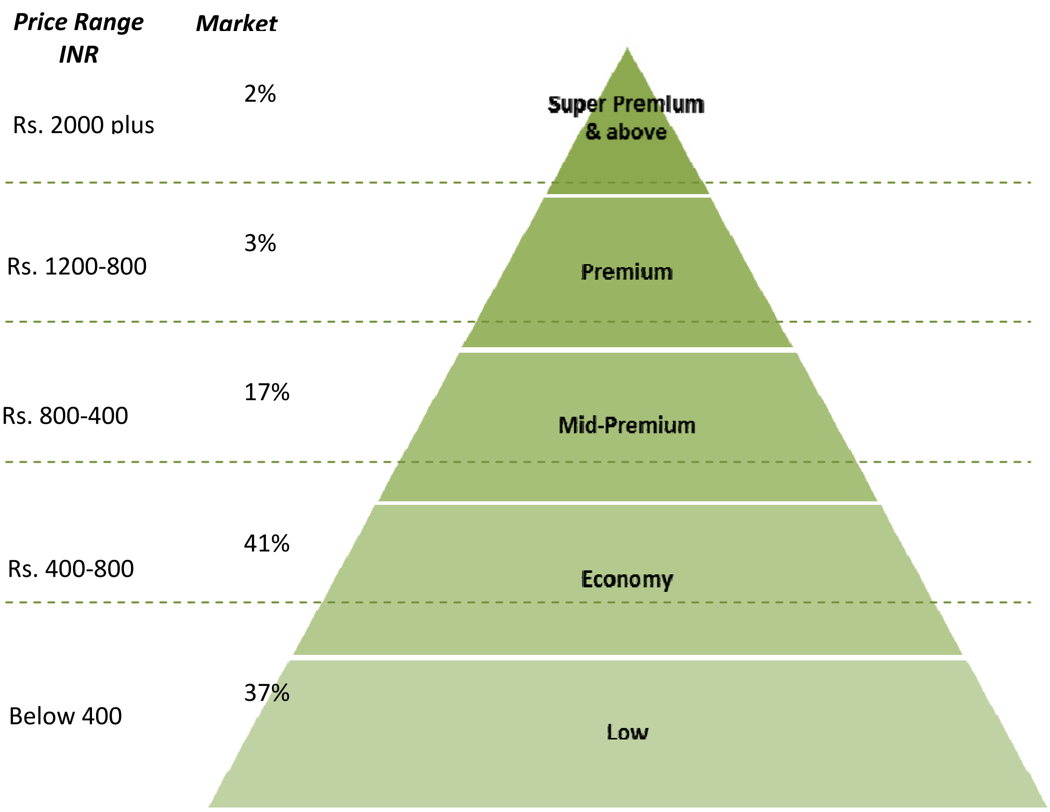
The total salwaar kameez market stands at ₹ 21070 crores. Out of this the organized market for salwaar kameez stands at ₹ 3160 Crores. The remaining 85% i.e. ₹ 17910 crores still unorganised. Of the organized sector, the largest skew of brands' as well as formats' product offering is within the Mid-Premium segment. Some brands/retailers in the mid premium segment include Praful, Biba, Spar, Max Lifestyle, Nalli etc. the Mass segment includes retailers such as Big Bazaar, Vishal Mega Mart, Reliance trends etc.



Source: Technopak Analysis, 2012

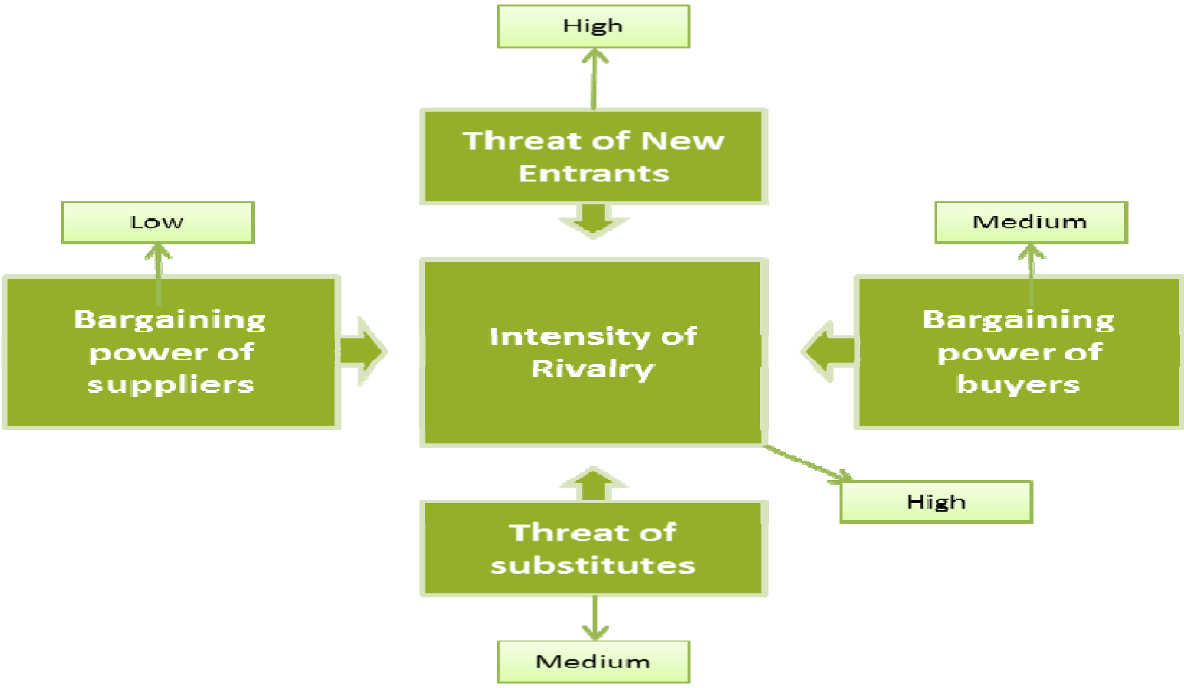
Most of the purchases of ethnic wear happen within the price range of ₹ 100-800. This includes the lower ranges of ₹ 100-400 that form the unorganized market for ethnic wear. The premium and super premium or above range forms approximately 5% of the ethnic wear market and is dominated partly by brands such as Neeru's, Soch, Harra, Nalli, Fabindia, Melange, W, Aurelia and partly by boutiques, designers and unbranded retailers

Segmentation of Women's Ethnic wear Market in India



Source: Technopak Analysis, 2012

Ethnic Wear Industry Environment in India



Threat of New Entrants –High: It is easy to establish distribution and setup retail outlets in the unorganized segment. There are sizeable number of suppliers and vendors present in the market which eases entry barrier from the production perspective. There are few numbers of national brands and limited retail penetration in the organized format. Low product differentiation amongst existing product offerings. All these factors make entry in this segment easy and profitable.

Threat of Substitutes– Medium: Low involvement category perceived as comfort wear. Other comfort categories like denim are high involvement and thus high ticket size and preference for branded. Thus, leading to reduced propensity in switching to substitute categories

Degree of Rivalry – High: The ethnic wear market has an attractive industry growth rate of 8.3%. It is majorly fragmented with a few brands that have a strong positioning. Brand loyalty is low in this segment due to low switching costs. The low product differentiation and limited value added products increases competition.

Power of Suppliers- Low: High concentration of contract manufacturers dilutes bargaining power of suppliers. There is a low degree of product differentiation in ethnic wear resulting in low switching cost making it easy to change suppliers. There is a moderate threat of forward integration, though limited owing to low production volumes. At such low volumes, it is difficult to expand to the retail level.

Power of Buyers- Medium: The buyer base is very large and their spends are driven by occasion. This limits their bargaining power. The sale seasons are the biggest attractions for buyers. Their switching costs are very low which makes it easy for them to change brands and retailers.

Growth Drivers for the Women's Ethnic wear Market in India:

Over the years, ethnic wear has seen a transition from being mere occasion wear to everyday comfort wear. Some of the reasons for this transition are:

Multiple Roles: The modern Indian woman has learned the art of juggling household responsibilities with her work life. Managing the family, excelling at her work, budgeting for household expenses, being socially responsible are all a part of her day's activity.

Increasing Ethno-centricity: Ethnic wear has transitioned from just being traditional wear to daily wear that combines tradition with contemporary fashion. Brands have identified the transition and offer products positioned across occasions as casual, formal, weddings, semi casual etc.

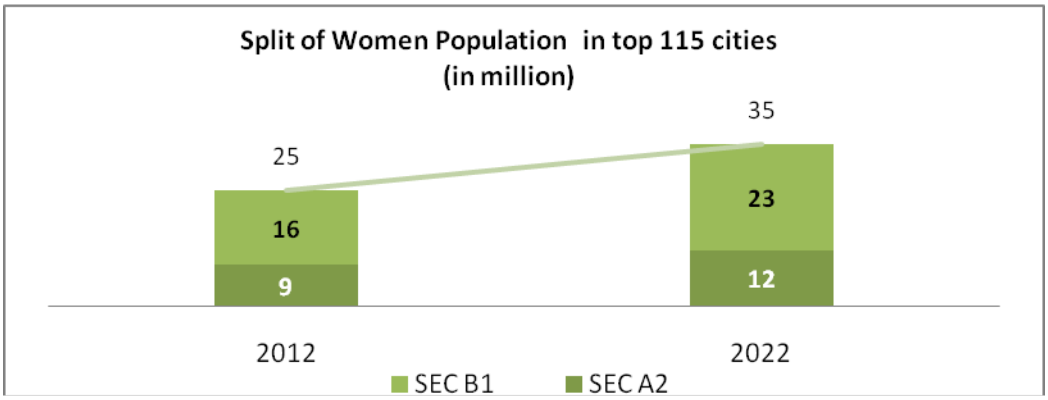
Ethnic for the Young: Over the last decade there has been ashift in usage and fashion trends, ethnic wear is being accepted by younger generation as everyday apparel. Therefore, brands are targeting the younger generation with ethnic wear being positioned as affordable, comfortable and contemporary fashion
.

Increasing Independence: By 2021, career women in urban India are expected to expand by fourfold to reach ~45 – 50 million. This rise of working population will lead to an increase in spending and affluence level of families in urban cities.

Value 'Brandization': Large format players have tapped into the need gap in ethnic wear by offering their own private labels. Private labels straddle the mass as well as popular price segments.

Value Seekers: The new aspirational woman is updated with latest trends and styles, she is aware about fashionable apparel. She chooses the best for herself and for her family. Being a discerning shopper she indulges in value seeking shopping behaviour to enjoy the best mix of fashion and quality.

Potential consumer base:



Source: Technopak Analysis, 2012

Over the next decade, India shall witness an increase of more than 10 million ladies within the working middle class across the top 115 urban Indian cities. Thus, presenting a potential of 35 million consumers by year 2022 in the relevant cities. This growing population of women will include a large proportion of working women who will be armed with disposable income. The surplus income within households will directly impact the consumption of essential and lifestyle product such as apparel categories, sub-categories, electronics etc. and shall seek enhanced shopping experience.

Increased spending on marriages:

With increasing incomes and image consciousness, Indian consumers have also increased their spending for special occasions like marriages. India's marriage market is estimated to be around US$ 25 bn and is growing @ approximately 20% annually. Ethnic wear is a major component of Indian marriages and the trend of wearing designer or Bollywood inspired wedding dresses has increased over the years. This has further boosted the wedding sarees market and this continues to be a promising market opportunity for future.

Export market opportunity:

The export market opportunity for ethnic wear has also increased over the years. With increasing Indian diaspora, the demand for ethnic wear has increased in foreign countries. Sarees are also popular in countries like Sri Lanka, Malaysia, Bangladesh, UAE etc. The exports of sarees to these countries from India have increased over the years and have good future potential as well

The Road Ahead

The global apparel retail market continues to grow primarily driven by the growth in emerging countries. India being one of the high growth economies has also seen growth in textile and apparel industry in the past 10 years and will continue to show high growth for next 10 years. India's apparel market is expected to grow @ 9% CAGR for next 10 years.

Women'swear is a major category comprising 38% share of total apparel market of India. Within women'swear categories, ethnic wear constitutes a significant portion with 75% share. The size of the women's ethnic wear market is ₹ 54,236 crores and is expected to grow at a rate 8.3% annually for the next 10 years.

Windmill Industry in India-An Overview

Wind Energy is an indirect form of Solar Energy. About 1% of the total solar radiation that reaches earth is converted into energy of wind. Wind results from differential heating of the earth and its atmosphere by sun. As the sun heats different parts of the earth at different rates, air circulates from cold to warm areas producing winds. Wind energy has been used for thousands of years to propel sailing ships and for pumping water and grinding grain.

Energy is basic requirements for economic development in any country. Every sector in Indian economy needs Energy for the development of Agriculture, Industry, transport, Commercial, and domestic. Rising prices of Oil & Gas and estimated shortage in future, creates concern for energy supply for economic development of the country. Increased use of fossil fuels causes environmental problems both locally and globally. Fortunately our country is blessed with variety of renewable energy sources viz, wind, solar, bio-mass, hydel, and municipal and industrial waste and other renewable energy sources. The Ministry of New & Renewable energy sources of Government of India with a view to promote wind energy has launched wind resource program to identify windy sites in the country and establish wind power projects.

NationalScenario on Wind Power

The Wind Power Program was initiated during the year 1983-84. The MNRE has created strong base which includes resource assessment, research of development, creation of awareness and development of infrastructural facilities for manufacturing and also provided policy support. The estimated potential at 50m and 80m is found to be 49130 MW and 102788 MW respectively in our Country (source: C-WET) and so far projects for 17,365.03 MW as on 31.03.2012 (source: India Wind Energy Association) have been set up in different parts of the country .The C-WET, Chennai and State Nodal Agencies implement the wind resource assessment programme with support of MNRE in the Country.

Potential in Andhra Pradesh

Based on the studies conducted through wind monitoring exercise, it is found that the southern part of Andhra Pradesh has got wind potential for setting up of wind farms. The areas in Anantapur, Cuddapah, Kurnool and parts of Nellore and Chittoor district have relatively better potential sites to set up wind power projects. The master plan has been prepared to assess the potentiality in southern part of A.P. and it is estimated that there is a potential of about 2100 MW capacity. As per the assessment of MNRE, the estimated gross potential is 8,275 MW in A.P. and whereas the technical potential is 2100 MWs. 2.00 MW demonstration project was set up by AP Genco, at Ramagiri in Anantapur district. NEDCAP has established 2.25 MW wind farm project at Kondamedapally, Kurnool dist. and 2.50 MW wind farm at Narasimhakonda, Nellore district under demonstration scheme of MNRE With a view to encourage investment and to promote wind power projects in Andhra Pradesh, the Government of Andhra Pradesh has announced a comprehensive policy and incentives to set up wind power projects in private sector. NEDCAP is the single window clearance agency to sanction projects up to 20 MW capacities in the State and so far 100.12 MW capacities of projects by 30 developers at Ramagiri, Kadavakallu, Tallimadugula in Anantapur District and on Tirumala Hills, Chittoor district, was commissioned. The total installed capacity is 245.50 MWs as on March, 2012 as per C-WET.

Technology

Wind turbines have rotor blades, which rotate with wind flow and are coupled to generator through a gearbox. The rotor blades rotate around a horizontal hub connected to the generator, which is located in the nacelle. The nacelle houses other electrical components and yaw mechanism which turns the wind electric generator so that the rotator faces the wind. Sensors are used to monitor the wind direction and the nacelle is turned to line up with wind direction. The power produced is controlled automatically based on the wind speed. There are wind turbines presently in the range of 350 KW to 2 MW capacity and operating in the wind speeds ranging from 2.5 mtrs per sec to 25 mtrs per sec. The power generated from the wind turbine is controlled to match and is fed to the local grid. Winds in India are mostly influenced by strong South-West Monsoon which starts from May and North-East Monsoon starts from October. During the Summer Monsoon the winds are strong in most of the parts of the country and also similar in case of Andhra Pradesh.

Policies and Incentives

Incentives offered to NCES based power projects are as under;

A. By Government of India

1. Under the Income Tax Act, the Government of India is allowing 80% Accelerated Depreciation on specified Non Conventional Energy Devices / Systems (including wind power equipment) in the first year of installation of the projects.
2. A ten year tax holiday has been allowed in respect of profits and gains of new industrial undertakings set up anywhere in India for either generation or for generation and distribution of power.
3. The Government of India has announced Generation Based Incentive (GBI) @ 50 paisa per KWH in respective of developers who are not availing accelerated depreciation benefit as per MNRE lr no. 53/1/2008-WE dated 17/12/2009.

B. By the State Government:

1. Each Eligible developer may be allocated available Government land to harness up to a maximum of 200 MW of wind power initially. After commissioning of 100 MW capacity Wind farms in 1st stage in the allocated Government land, the Government may allocate land for another 100 MW capacity Wind Farms. The application from the developers for Government land will be considered on a first-cum-first-served basis.
2. The State Government has permitted DISCOMs to offer. ₹ 3.50 / KWH for wind power projects for 10 years from the date of commissioning of the projects, subject to obtaining the consent of AP Electricity Regulatory Commission. The tariff for the period 11th year to 20th year shall be as fixed by APERC.
3. The DISCOMS shall have the first right of refusal on Power Purchase if the Plant continues to operate after the 20th year of operation from COD. The tariff beyond 20th year shall be as mutually agreed by both the parties.
4. Wheeling charges will be at as per the orders of A.P.Regulatory Commission and as per the Open Access policy. The concessional wheeling and transmission charges for captive use or 3rd party sale may be in kind at 5% of energy delivered into the grid (which includes transmission and distribution losses). the concession wheeling and transmission charges will be subject to the approval of the AP Electricity Regulatory Commission. However, the third party sale is permitted only to the HT- I category consumers as categorized in Tariff Orders by the commission from time to time.
5. The Wind Power Projects are not eligible for Banking of Energy. The Energy generated by captive generating plants, if not consumed during the billing month, would be deemed to have been sold to respective DISCOM and the DISCOM may pay for such un-utilized Energy at the rate of 85% of the tariff.
6. Technical Consultancy Services through NEDCAP.

(Source: http://nedcap.gov.in/)

Gems and Jewellery Industry

Gems and jewellery form an integral part of Indian tradition. A legacy passed from one generation to another. The components of jewellery include not only traditional gold but also diamond, platinum accompanied by a variety of precious and semi-precious stones.

The Indian gems and jewellery sector is expected to grow at a CAGR of around 13 per cent during 2011 – 2013, on the back of increasing government efforts and incentives coupled with private sector initiatives.

India is the largest market for gold jewellery in the world. Gold dominates the Indian jewellery market and formulates almost 80 per cent of the market share, which is followed by fabricated studded jewellery including diamond and gemstone studded jewellery. India has emerged as the largest cutting and polishing industry for diamonds in the world.

Industry Structure

The Indian Gems and Jewellery industry has increased by about 3 percent and stands at ₹ 2,00,000 crores (US$ 36.17 billion) in 2011-12, as compared to ₹ 1,95,000 crores (US$ 35.26 billion) in 2010-11. The jewellery industry in India is estimated at ₹ 150,000 crores (US$ 27.12 billion), of which only 5 per cent is organised, thus creating opportunity for the foreign players to enter the Indian market.

The global demand for gold in second quarter of 2012 rose to 990.tonnes it was 7% down on the second quarter 2011 and 10% below the previous quarter. Looking at the first half of the year, demand of 2090.8 tonnes was

5% down on the previous year and 14% above the five year H1 average of 1828.7 tonnes. Q2 of 2012 gold demand measured US$ 51.2bn in value terms, marginally weaker year on year. Investment demand fell by 23% year on year to 302.0 tonnes, slightly below the five year quarterly average investment of 340.3 tonnes. Year- on -Year declines in the demand for ETFs and physical bar demand were the main reasons for the decline.
(Source: www.ibef.org, 2012 and World Gold Council, November, 2012)

Gold

The Indian market accounted for 30% of global consumer demand 223.1 tonnes in total. However growth in third quarter was not sufficient to overcome the weakness experienced in India during the first half, on ayear to date basis overall consumer demand was 24% weaker relative to same period in 2011. The other key markets include China, Japan, Indonesia, Soth Korea, Turkey, Russia, USA etc.

The Gold Demand in Q3 was 1084.6 tonnes, worth US$ 57.6bn 14% below Q3 2011. Demand was up 10% from previous quarter, but 11% down from record high levels primarily due to notable drop in bar and coin purchases.
Q3 Investment demand (the sum of ETFs and similar products, and total bar and coin demand) was 79.5 tonnes or 16% lower than Q3 2011.

Diamond

India is the world's largest diamond cutting and polishing centre in the world. It accounts for 60 per cent value share, 82 per cent by carats and 95 per cent share of the world market by number of pieces.

Surat is India's diamond processing hub, contributing over 80 per cent of the country's diamond processing industry with annual revenue of around US$ 13.03 billion.

It is the third largest consumer of polished diamonds after the US and Japan.

Platinum

Due to the increasing gold prices, platinum jewellery has gained momentum in the past few years not only worldwide but also in India. As per the Platinum Guild International (India), the number of outlets selling platinum jewellery increased from 12 in 2000-01 to over 300 currently. It is predicted that the number of outlets selling platinum jewellery would increase to around 1,000 outlets in the next 2-3 years. Most platinum jewellery manufacturers are targeting 20-40 years age group consumers with high disposable income.

Exports

The total gems and jewellery exports from India during April 2012 to September 2012 stood at US$ 19,902.47 million, including that of cut and polished diamonds at US$ 7,824.75 million, gold at US$ 10,717.71 million and coloured gemstones at US$ 167.13 million, besides others, according to the provisional data by Gem & Jewellery Export Promotion Council of India (GJEPC). The domestic jewellery market is pegged at about US$ 16 billion-US$ 18 billion.

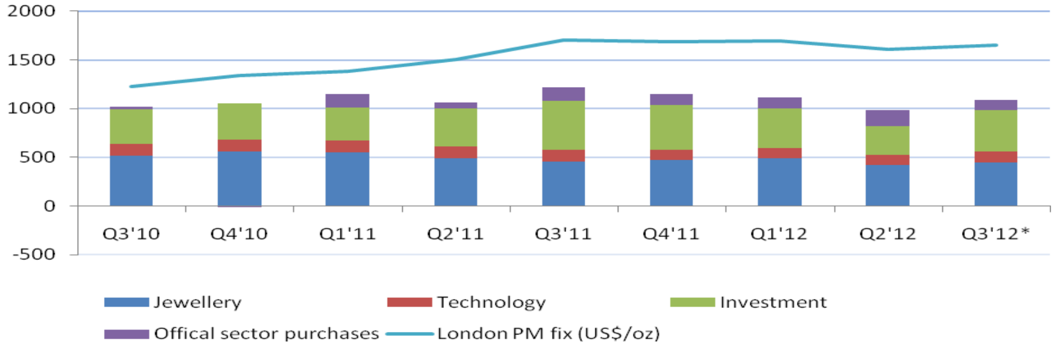
The gems and jewellery industry in India registered considerable growth in its volume of exports from US$ 25.4 billion in the 2009 to US$ 46.36 billion in 2011, a net growth of 82.5 per cent.
(Source: www.ibef.org, 2012)

Overview:

Gold demand in the third quarter of 2012 measured 1084.6 tonnes, worth US$ 57.6bn 14% below Q3 2011. Demand was up 10% from previous quarter, but 11% down from record high levels primarily due to notable drop in bar and coin purchases. Q3 Investment demand (the sum of ETFs and similar products, and total bar and coin demand) was 79.5 tonnes or 16% lower than Q3 2011. Gold demand remains resilient. Q3 2012 was above the five year quarterly average of 984.7 tonnes, according to the World Gold Council's. The most significant contribution to the fall in gold demand came from drop in bar and coin investment. Demand from category of investment was 30% weaker year on year at 293.9 tonnes, translating to a 32% decline in value to US$ 15.6bn. The supply of gold contracted 2% in the third quarter compared with year earlier levels. All components of gold supply declined, yielding a total of 1188.3 tonnes.

Global gold demand (tonnes) and gold price (US$/oz)

Tonnes, **US$/oz**



*Provisional
Note: investment includes bars and coins; medals/imitation coins; and ETF and similar products.
Source: World Gold Council, November, 2012

Q3 Investment demand (the sum of ETFs and similar products and total bar and coin demand) was 79.5 tonnes or 16% lower than Q3 2011. In value terms amounted to US$ 22.8bn. Adding in the OTC investment and stock flows component yields a total investment number of 503.4 tonnes 4% higher year-on year worth US$ 26.7bn. On a year to year basis, ETF demand was the strongest performing sector, generating a 48.6 tonne increase in demand. AT 136.0 tonnes was the strongest quarter since Q2 2010 and compares with a 5-year quarterly average of 88.9 tonnes. A 128.1 tonne a 30% year-on –year fall in demand for gold bars and coins was largely a reflection of the strength of demand in Q3 2011, a period of exceptional investment inflows. Q3 bar and coin demand was 13% above the 5 year quarterly average of 260.6 tonnes.

Q3 gold jewellery demand of 448.8 tonnes was worth US$ 23.8bn. The sector was up on the previous quarter by 8% but slightly weaker year on year. (-2%) declines in China, Saudi, Arabia, US and European markets. Counter trend growth was seen in small number of markets, key among these being India where demand registered solid growth. The strong rise in gold prices across most currencies during the latter half of the quarter was partly responsible for the overall decline, while unfavourable economic conditions in many markets created further headwinds. At 136.1 tonnes, India accounted for 30% of the global gold jewellery demand and was the strongest performing market. The value of demand, ₹399bn, was almost equal to the previous record ₹400bn in Q1 2011.

Central Banks continued to purchase gold third quarter, albeit at slower pace. Demand of gold by central government was 97.6 tonnes worth US$ 5.2bn, accounted for 9% of overall gold demand during the period,

Demand

Gold Demand (Tonnes)	2010	2011	Q1'12	Q2'12*	Q3'12[1]	Q3'12 vs Q3'11 (%)
Jewellery	2,017.0	1,972.1	486.9	416.9	448.8	-2.0
Technology	465.6	452.9	109.1	109.9	108.2	-6.0
Total bar and coin demand	1,205.4	1,518.8	353.5	294.2	293.9	-30.0
ETF's and similar products[2]	382.2	185.1	53.2	0.0	136.0	-
Official sector purchases	77.3	456.8	115.1	161.2	97.6	-31.0
Gold demand	4,147.5	4,585.7	1,117.8	982.2	1084.6	-11.0
London PM fix, $/oz	1,224.5	1571.5	1,690.6	1,609.5	1652.0	-3.0

[1] Provisional
[2] Exchange Traded Funds and similar products including: Gold Bullion Securities (London), Gold Bullion Securities (Australia), SPDR® Gold Shares (formerly streetTRACKS Gold Shares), NewGold Gold Debentures, iShares Comex Gold Trust, ZKB Gold ETF, GOLDIST, ETF Securities Physical Gold, ETF Securities (Tokyo), ETF Securities (NYSE), XETRA-GOLD, Julius Baer Physical Gold, Central Fund of Canada and Central Gold Trust, Swiss Gold, Claymore Gold Bullion ETF, Sprott Physical Gold Trust, ETF Securities Glitter, Mitsubishi Physical Gold ETF, Credit Suisse Xmtch, Dubai Gold Securities, ETF Securities Physical Asian Gold Shares, Claymore Gold Bullion ETF (Non-hedged), DB Physical Gold and iShares Physical Gold.
Source: World Gold Council, November, 2012

Gold demand in the third quarter of 2012 measured 1084.6 tonnes, worth US$ 57.6bn, 14% below Q3 2011. Demand was up 10% from previous quarter, but 11% down from record year earlier levels primarily due to notable drop in bar and coin purchases. Q3 Investment demand (the sum of ETFs and similar products, and total bar and coin demand) was 79.5 tonnes or 16% lower than Q3 2011. Gold demand remains resilient. Q3 2012 was above the five year quarterly average of 984.7 tonnes, according to the World Gold Council. In value terms gold demand was 14.0% lower year on year at $57.6bn and the average gold price of $1,652/oz was down 3% on the record average Q3 2011 price.

Global investment in ETFs over the quarter was up significantly by 56% on the previous year. Investment demand (the sum of ETFs and total bar and coin demand) was 429.9 tonnes, down 16% compared to the same quarter last year, but was 23% above the five year average Demand for ETFs and similar products in Q3 was up by 56.0% on the previous year to 136.0 tonnes.

Demand in the jewellery sector was down 2.0% to 448.8 tonnes compared to 458.0 tonnes in the same quarter in 2011.The ongoing slowdown in China continued to dampen demand in the second largest regional jewellery market.

Third quarter demand for gold in the technology sector was down on Q3 2011 by 6.0% at 108.0t though remains stable. Use of gold in electronics has shown a steady level of incremental growth since Q4 2011, driven by demand for tablet devices and mobile phones among others.

Supply

Gold Supply (Tonnes)	2010	2011	Q1'12	Q2'12	Q3'12[1]	Q3'12 vs Q3'11 (%)
Total mine supply	2,631.6	2,836.2	660.0	701.5	727.6	-2
Recycled gold	1,723.2	1,668.8	385.4	390.4	460.7	-2
Total Supply	**4,354.8**	**4,505.5**	**1,045.5**	**1,091.9**	**1188.3**	**-2**

[1] Provisional
Source: World Gold Counci, November, 2012

The supply of gold contracted 2% in the third quarter as compared with the earlier levels. All components of gold supply declined, yielding a total of 1188.3 tonnes. Mine production and recycling each weakened by 8.0 tonnes, while producer hedging accounted for remaining 5.7 tonnes of the decline in total supply of the 21.7 tonnes.

In volume terms, the 1% year on year drop in mine production was the largest since Q3 2008 and the origins of the dcline were three fold; disappointing results from number of operations; lower than expected growth in the number of new or recovering mines; and the Q3 strikes in South Africa. The countries that registered growth in the third quarter, including China,Mexico, Russia and Cnada together generated an additional 15. Tonnes of output over Q3 2011. In most of these that come up in line in the last 6 to 12 months have failed to ramp up production as quickly as had anticipated.

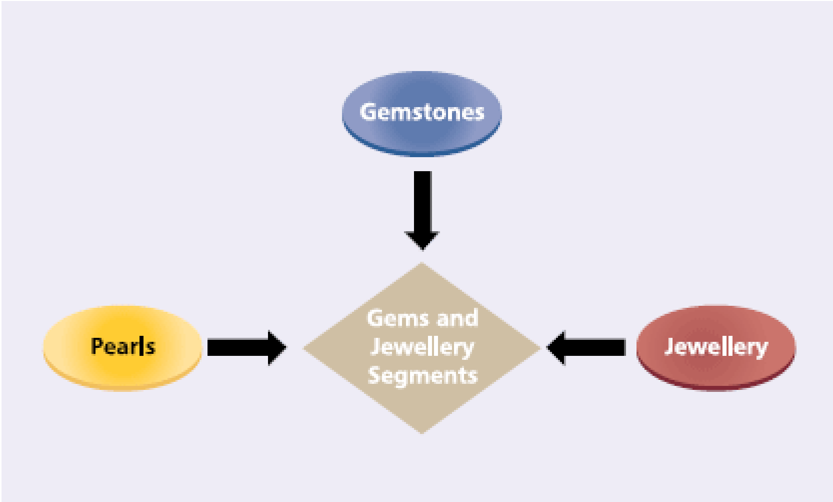
Emerging markets, by contrast, witnessed an upoturn in the recyling of old gold. This selling activity among emerging markets was particularly an evidence during the second half of the quarter as gold price broke out of the consolidation range and climbed sharply higher. Already low levels of market supplies of old gold in industrialised markets implies that a significant price move would be required to invoke a response and draw out further recyling across thse regions.

(Source: www.gold.org, World Gold council November 2012)

Market Size and Structure

The sector is highly-fragmented and unorganised, and is characterised by family-owned operations. Around 96% of the gems and jewellery players have family-owned businesses, but, over the last few years, more organised players have been entering the sector. The products in the sector can be categorised as gemstones, jewellery and pearls, which can be further segmented into diamonds, coloured stones (precious, semi-precious and synthetic), studded jewellery, costume jewellery, gold and silver.

Exhibit 1.1: Segments of Gems & Jewellery Sector



Source: D&B Research, CII

However, diamond and gold are the two most important segments of the Indian gems and jewellery sector. Diamond processing in the form of cutting and polishing is a major industry in India. However, a majority of these processed diamonds are exported either in polished form or as diamond jewellery globally. On the other hand, the gold jewellery is mostly meant for domestic consumption as India is the largest consumer of gold.

Retailing Jewellery Industry

Branded Jewellery

Branded jewellery has been a relatively recent phenomenon in India, with most jewellery retailed in the unorganised sector. Consumers have become more informed about the quality and certification ofgold jewellery and are now insisting for certification. Traditionally, gold has been purchased because of its investment value along with aesthetic value, unlike in countries other than India, where it is bought only for ornamental purposes. With changing demographics, the branding of jewellery and the retail revolution, young customers (from age groups of 20-40 years) prefer buying jewellery for fashion rather than for investments. Many companies have started investing in brand-building exercises for their products. All these efforts will lead to a much higher growth in the branded and therefore also organised jewellery market.

The branding of jewellery in India follows the pattern in the international market where 90% of the jewellery is sold as a fashion accessory or as everyday wear and not as an investment. Branded jewellery is therefore positioned as a lifestyle and personality statement. There has also been a shift in consumer preference towards diamond jewellery due to the extensive positioning of diamond jewellery as both affordable and contemporary. Another key development in branded jewellery has been the introduction of value added services such as the certification of gold and diamonds, and life time return and buy-back schemes. These trade practices have resulted in the perception of superior quality associated with branded jewellery. The new generation of jewellery purchasers does not have ongoing relationships with local jewellers and prefers to buy branded jewellery.

Market Characteristics

Unorganised Sector

The gems and jewellery sector in India has been known for its highly-fragmented and unorganised nature and for the plurality of family-owned operations. However, the organised sector is also growing. Even though it has been growing slowly, in future, it is likely to garner a substantial share of the market due to the changing lifestyle and preferences of consumers.

Labour-Intensive

As the sector is highly labour-intensive, its dependency on craftsmanship is very high. For instance, the cutting and polishing of diamonds and coloured gems, which are soft stones, requires immense care on the part of the labourer. Although some activities in the cutting and polishing of gems are mechanised, the sector still requires skilled craftsmen to achieve precision in diamond cutting.

Working Capital-Intensive

The labour-intensive nature of the sector makes it more working capital-intensive as well (working capital amounts to a substantial part of capital employed). This is due to the higher turnaround time in manufacturing and the regular payment of wage bills. There is a considerable time gap between the import of raw materials and sale of finished products, especially in diamond processing, as cutting and polishing are time-consuming tasks.

Raw Material-Intensive

Gemstones (both rough and finished) and precious metals such as gold, silver, and platinum are the raw materials used in the sector. The prices of these raw materials directly affect the profitability of companies. In recent years, the prices of low-quality rough diamonds and higher quality stones, such as solitaires, have gone up, but as the polished diamond prices have not been increasing at the same rate, the margins of exporters have been under pressure.

Demand Drivers

In the past few years, but before the global slowdown, the gems and jewellery sector has been on a growth trajectory and its growth has been driven by several interplaying factors. Some of these demand drivers are discussed below:

Low Cost of Labour

The low cost of labour for cutting and polishing of diamonds has made India an attractive destination for diamond processing. Further, the diamond jewellery that is produced at a cost of US$ 60 to US$ 90 fetches around US$ 180 in the international markets, which leaves a huge margin for the retailer

Availability of Skilled Craftsmen

Jewellery manufacturing is an ancient industry in India therefore it has a huge population of skilled artisans/craftsmen. The true strengths of the jewellery industry are its beautiful handcrafted articles that are intricate and comparable to world-class designs and the Indian craftsmen who have achieved excellence in this art. Furthermore, India is famous for processing very small diamonds that requires immense skill, which the Indian artisans seem to have developed over the years. These advantages help India score over its peers.

Rising Disposable Income

The rising disposable income has been a major demand driver for the sector over the years, both domestically as well as internationally. Jewellery, particularly diamond jewellery, is considered as a lifestyle product, and the demand for lifestyle products has also gone up with the increase in disposable incomes; as a result, the gems and jewellery sector has recorded tremendous growth in the past few years. Gold demand has been rising in India in the last few years because of increased purchasing parity of the middle class and the increasing income levels

Rise in Number of Working Women

Over the last few years, there has been a spurt in the number of working women. This trend has not only empowered women financially but also has changed their general attitude; as a result, there has been a growth in purchase of gems and jewellery by this segment, mostly for jewellery that can be worn at work and for social occasions. The increase in purchasing power of working women and their changing fashion needs has pushed up the growth in the gems and jewellery sector.

Favourable Government Policies

The abolition of the Gold Control Act in 1992, opening up the gold and diamond mining to private foreign investors, concessional / low import duties have all been instrumental in increasing the demand for Indian gems and jewellery sector.

Nurturing New Talent

The government has set up various training institutes to attract quality personnel, to cater to the international market and to focus on constant innovation of globally-acceptable designs. These institutes were set up to provide the gems and jewellery sector with a well-trained professional workforce that is proficient in all aspects of jewellery design, refining, model making, jewellery manufacturing, CAD / CAM, gemology and diamond grading.

Increased Awareness and Changing Preferences

There is a rise in awareness about diamonds in the Indian market. Various initiatives are being undertaken by major diamond producers, retailers and industry bodies about portraying diamonds as exotic as well as affordable. Increased promotion by retailers has made consumers aware of the diamond jewellery and has created demand from various segments, which include people from all age groups. The trend of buying jewellery only during special occasions such as weddings and festivals has gradually changed.

Development of SEZs

The government has set up various SEZs to provide special incentives to the highly export-oriented sector. The SEZs have units catering to designing, cutting and polishing of jewellery. The development of SEZs for gems and jewellery has facilitated the growth and has enhanced the trade potential for the sector.

Key Issues of the Sector

Unorganised Sector

The gems and jewellery sector in India is unorganised and fragmented. Around 90% of the players operate in the unorganised sector mostly in family-run operations. The nature of the sector prevents it from achieving economies of scale. Also, being largely unorganised, the sector mainly uses labour-intensive and indigenous technology that affects their growth prospects. Further, the sector finds it difficult to enhance their global competitiveness due to difficulties in adopting technologies as a result of inadequate financial capital and high labour costs per unit.

Threat from China

Currently, China is the second-largest diamond processing centre in the world after India; however, it is slowly catching up and is threatening to displace the Indian gems and jewellery sector from its dominant position in the world. The labour cost in China is the lowest, just like in India; however, the gap between the two countries is narrowing slowly. Besides, the Chinese economy is growing rapidly and is creating a demand for gems and jewellery in the domestic market. Further, many diamond manufacturers from Belgium and Israel are setting up manufacturing plants in China. India also faces threat from China in terms of technology adoption, which allows China to process diamonds at a more competitive price.

Predominance of the US market

The Indian gems and jewellery sector is pre-dominantly dependent on the US markets, which is its top export destination. The growth of gems and jewellery sector is heavily dependent on the growth of demand in the US market. However, the recent appreciation of the rupee vis-à-vis the US dollar and a slowdown of the US economy have aggravated the concerns for the sector. All these factors necessitate India’s venture into other geographical locations. In the current situation the heavy dependence on the US market has affected the exporters as they are facing a drop in orders and delayed payments.

Exchange Rate/Currency Risk

The gems and jewellery sector is affected by the rupee/dollar exchange rate because it is export-oriented. Any volatility in the exchange rates affects the margins of the players. For instance, the recent appreciation in the rupee against the dollar had made the exports of gems and jewellery less competitive in its key export destinations.

High Level of Inventories

As the gems and jewellery sector is highly dependent on imports for its raw materials, the players have to maintain a high level of inventory. However, maintaining this inventory becomes difficult for the players during the slack season, as it carries inventory price risk. For instance, due to the current recessionary trends, the demand slumped and inventory piled up much to the chagrin of the players.

Decreasing Diamond Reserves

The supply of rough diamonds is expected to fall in the near future as the diamond reserves are decreasing. There has been no major diamond reserve discovery since 2003, when reserves were last discovered in the Diavik Diamond Mine in Canada. The reduced supply will push up the prices of rough diamonds, which will further put pressure on margins. Future supply levels are largely dependent on the industry's ability to identify new diamond deposits.

Competition from Other Luxury Goods

With the increase in disposable income and the change in standard of living, the demand for luxury goods such as perfumes, consumer electronics, leather, automobile, gadgets etc are also increasing. The gems and jewellery sector is experiencing competition from these luxury goods, which is eating into the market share of the sector.

Opportunities for the Sector

Entering New Markets

The US has been the major market for Indian gems and jewellery sector over the years. However, with the current global slowdown, the dependence on the US market has affected the Indian gems and jewellery sector tremendously. The sector is exploring new locations to diversify business and to minimise the risk. Russia, Middle East and China are few of the emerging destinations that are witnessing an increase in jewellery demand. The Indian gems and jewellery players can tap these countries to diversify and increase their business.

Value Addition

There exists a huge opportunity for Indian players to do value addition to the processed diamonds and to export diamond studded jewellery. India is already a leader in processing small-sized diamonds and it also has inherent capabilities of manufacturing hand-crafted jewellery. Further, with its dominance in processing small diamonds, India has an advantage of manufacturing affordable diamond jewellery for the world market.

Jewellery Retail

The Indian retail sector is growing rapidly. This provides an excellent opportunity for the Indian players to manufacture and sell their jewellery through the retail channels that are fast catching up in the Indian markets. Further, this move will also provide an organised structure to the largely unorganised gems and jewellery sector and lead to further growth of the sector.

Outsourcing Hub

India can become an outsourcing hub for designing and manufacturing jewellery. There is an increased trend of outsourcing designing and manufacturing of jewellery from India by global retail players such as Wal-mart and JC Penny. The players in the sector can tap this opportunity to diversify business, reduce risk

Regulating Bodies:

The Gem and Jewellery Export Promotion Council (GJEPC)

This is the apex body of the gem and jewellery trade in India, which was set up in 1966 for promoting precious stones and jewellery exportations. With strength of 6,500 members spread all over the country, the Council is primarily involved in introducing the Indian gem & jewellery products to the international market and promotes their exports. To achieve this, the Council provides market information to its members regarding foreign trade inquiries, trade and tariff regulations, rates of import duties, and information about jewellery fairs and exhibitions. The following initiatives have been taken by the Gem and Jewellery Export Promotion Council in order to enhance competitiveness such as:

- Preparation of a medium term exports strategy for various sectors including gems and jewellery by the Ministry of Commerce.

- Exploring the possibility of direct procurement of rough diamonds from mining countries.

- Promotion of Indian diamonds and jewellery abroad through advertisements, publicity and participation in international fairs, buyer seller meets and direct approach to market retailers.

- Market study through experts in the field to identify new markets.

- Promotion of export of 'hallmark' jewellery from India to assure foreign customers of quality and purity of jewellery made in India.

The Gem and Jewellery Trade Council of India (GJTCI)

This council is established with the main aim of boosting the gem and jewellery trade of India. It plays an important role in showcasing the Indian gem and jewellery to the international market. It is a council formed to enhance & boost the jewellery trade of India by resolving various issues of the trade by escalating various to the relevant high authorities. It also indulges itself in disseminating latest information to its jeweler-members through a monthly newsletter, various educative & trade motivational events such as seminars, workshops, exhibitions, festivals etc.

The Bureau of Indian Standards

This National Standards Body of India is responsible for hall marking of gold jewellery and certification of its purity.

Government Initiatives

India is emerging as a huge consumer market for jewellery and other luxury products and thereby appears as a very attractive opportunity for major brands to establish their presence in the Indian market. The growing domestic market along with export advantage of the industry and the Government's decision to allow foreign direct investment (FDI) of up to 51 per cent in single brand retail stores has attracted a large number of players to the sector.

The Road Ahead

India is harnessing its traditional craft-skills, low-cost labour, and fabrication techniques in some of the gems and jewellery segments (such as processing of small-sized diamonds) to lead as a global player. India is emerging as a huge consumer market for jewellery and other luxury products and thereby appears as a very attractive opportunity for major brands to establish their presence in the Indian market.

The GJEPC is busy propagating the fineries of Indian gems and jewellery industry by organising road shows in Malaysia, Singapore, Jeddah, Riyadh, Korea and China. These road shows would assist in creating awareness about India International Jewellery Show (IIJS) and India International Jewellery Week (IIJW). India's gems and jewellery industry is ready for the upcoming jewellery show in the US and expect to obtain huge export orders during 2012-13.

(Source.www.ibef.org, May & August, 2012)

BUSINESS OVERVIEW

The following information is qualified in its entirety by, and should be read together with the Financial Information and Risk Factors on page nos 164 & 16 respectively, of this RHP. In this section only, any reference to "we", "us" or "our" refers to Sai Silks (Kalamandir) Limited.

OVERVIEW

We are majorly in the business of retailing of sarees under the brand names of "KALAMANDIR", "MANDIR" & "VARAMAHALAKSHMI". We started as a retailer of sarees in Hyderabad in August 2005. As on the date, we operate15 retail outlets spread across South India and these outlets are cumulatively spread over in 129,035 square feet.

Our company is presently engaged in retail offering of the following products to all the segments:
- Sarees
- Women's dress materials and readymades
- Men's wear
- Kid's wear
- Gold Jewellery and Silver articles

Our retail outlets cater to the entire range of sarees in the price range of ₹ 300 to ₹3,50,000.With evolution of retail industry in India and change in consumer aspirations, we diversified our portfolio of offerings to include other retail goods like Women dress materials, readymades, Kids wear and Men's wear. Currently, we sell different varieties of sarees for different occasions and ready-made apparels for women, men and kids in our retail outlets. In order to expand our products range, we also undertook display and sale of gold and silver ornaments in our outlets under franchise and shop in shop model. Accordingly, a franchisee arrangement was entered on April 1, 2008 with Tanmai Jewellers Private Limited for retail outlets at Hyderabad. Our Company had also entered into shop in shop arrangement with Sai Swarnamandir Jewellers Private Limited on April 1, 2009 for a period of 9 years for display and sale of their gold and silver jewellery in our retail outlets located at Jayanagar, Marathahalli and Malleshwaram, Bengaluru.. Presently, we are displaying and selling their gold and silver jewellery in our retail outlets located at Jayanagar and Malleshwaram, Bengaluru only.

Our company was set up as a Partnership Firm vide Deed of Partnership entered between Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani under the name and style of "Sai Silks" on August 10, 2005. Further, on April 1, 2006, Mr. A Kalyan Srinivas and Mr. A. Subash Chandra Mohan were admitted as partners. Later, on March 4, 2008, three new partners, Ms. Annam Suchitra, Ms. Annam Sowjanya and Mr. Annam Venkata Rajesh were admitted into the partnership firm and the partnership firms name was also changed to "Sai Silks (Kalamandir)". Thereafter, our Partnership Firm was converted into a Private Limited Company on July 3, 2008 following the procedure specified under Part IX of the Companies Act, 1956 on a going concern basis under the name and style of Sai Silks (Kalamandir) Private Limited. Our Company was subsequently converted into a public limited company and a fresh certificate of incorporation consequent upon change of name was issued on May 21, 2009 by the Registrar of Companies, Andhra Pradesh. The registered office is situated at 6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad – 500 016, Andhra Pradesh.

Our company has been promoted by Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani. They are founder promoters of our company and have extensive experience in the textile industry. Mr. Chalavadi Naga Kanaka Durga Prasad has been instrumental in strategic planning and business development of our company.

Product details

Our product range consists of:

Men's & Kids Wear	**Women's Wear**
Groom wear	Sarees
Plain Shirts	Readymade dresses
Striped Shirts	Ethnic Wear
Trousers	Salwar Kameez and Dupatta (SKD)
Casual wear	
Patchwork Shirts	
Embroidery Shirts	
Mix & Match Shirts	
Denim	
Cargo	

POSITIONING OF OUR BRANDS:

- Our company's brand "KALAMANDIR" focuses on all sections of the society. Kalamandir retail outlets are broadly categorised into three types viz. small, medium and large retail outlets. The large scale retail outlets provide shopping experience for entire family. The brand mainly caters to women's wear. Under brand "Kalamandir" our Company sells its products under the below mentioned category:

Men's Wear:
DULHE RAJA: One stop shopping for marriage occasions
GENTLEMAN & YOUNGISTAN: Collection of casuals, formals and party wear

Women's Wear:
NAARI: Has emerged as a concept for fancy dresses, embroidery and party wear.
YOUNGISTAN: Collection of dress material, handlooms and Readymade for young generation

Kid's Wear:
NANHE: Collection of theme dresses for special occasions like party wear and weddings for both boys and girls
HUNKY PUNKY: Casual collection for boys
LITTLE DARLINGS: Casual collection for girls

- Our company's brand "MANDIR" caters to the Women's Wear for the premium segment of the market. The brand has positioned itself as a wedding specialist and also as a household name for special occasions. Under brand "MANDIR" our Company sells Women's Wear under the category:

- MEHENDI : It has emerged as a concept for bridal wear
- UTSAV: It caters to every celebration and festival

- Our company's brand "VARAMAHALAKSHMI" is based on the concept of value retail format. It caters to semi-wholesale and retail markets.

The details of our products and their sales in pieces for financial years 2011-12, 2010-11 and 2009-10 are given below:

Products	**Volume (No. of Pieces)**		
	FY 2011-12	**FY 2010-11**	**FY 2009-10**
Women's wear			
Sarees-Pattu	91,332	73,570	70,714
Other Sarees	7,04,383	6,71,414	5,03,365
Men's wear	1,12,952	1,06,651	84,493
Kid's wear	2,02,344	2,01,806	1,88,276

Jewellery Business

The Jewellery business of our Company is operational under the “Shop in Shop” model. As per this model, Sai Swarnamandir Jewellers Private Limited (SSJPL), a group company displays gold jewellery and silver articles in our retail outlets. Whenever a customer expresses his/her desire to purchase such product, SSJPL issues delivery challans and thereafter our company raises Sales Invoice to the customer. Based on the delivery challans, our Company raises Purchase Invoice on SSJPL on a daily basis and payment is settled between both the parties as per the terms of the Agreement.

Our Company has already entered into an Agreement with SSJPL on April 01, 2009 for a period of 9 years in this regard for retail outlets located at Bengaluru such as Jayanagar, Malleshwaram and Marathahalli. However, as on date we are not selling from Marathahalli retail outlet. As per this Agreement, the Profit sales margin is fixed at 2.00% for our Company

Wind Power Activity

Our Company has forayed into the business of generation of electricity through non-conventional energy sources by setting up a Wind Power Project having a capacity of 2 MW at Kondamedapally, Kurnool District, Andhra Pradesh at a project cost of ₹ 1120 lakhs.

Our Board of Directors in their meeting held on August 5, 2010 resolved in-principle to enter into the business of generation of electricity and passed enabling resolution in this regard. Our promoters have their core competence in the retail business where they have an established track record of accomplishment of more than 7 years. In order to diversify the existing business, our Company entered into the business of power generation through non-conventional energy sources. It was also decided to obtain the basic approvals from the concerned authorities and departments before approaching the members of our Company for their consent.

Since the proposed line of business was relatively new to our Company as well as to its promoters, it was decided to avail the guidance and services of a reputed EPC Contractor in the field of power particularly renewable energy. In this regard, our Company engaged Shriram EPC Ltd., Chennai, as EPC Contractor, to set up the business on our behalf on a turnkey basis. It was proposed to set up a 2 MW Wind Farm Project on turnkey basis at Kondamedapally, Kurnool district, Andhra Pradesh. In this context, our Company placed purchase / work orders with Shriram EPC Ltd on August 11, 2010 in terms of which Shriram EPC Ltd. was *inter alia* required to supply 8 WEGs of 250 KW each, DP Structure and Internal Lines, undertake Erection, Commissioning and Testing of WEGs and carry out civil work, electrical work and infrastructure for the site and liasioning with all governmental agencies for obtaining the approvals to complete the project.

Shriram EPC Ltd. had in December 2009 obtained allotment of Wind Farm Power project to be set up at Kondamedapally, Kurnool District, Andhra Pradesh from Non-Conventional Energy Development Corporation of Andhra Pradesh Limited (NEDCAP), Nodal Agency of Andhra Pradesh Government with a permissible limit to develop upto 4 MW capacity wind power project.

In August 2010, our Company approached NEDCAP for transfer of 2 MW load out of the aforesaid 4 MW Wind Farm Power Project sanctioned to Shriram EPC Ltd.

NEDCAP has accorded its permission for the said transfers in favour of our Company vide its letter no. NEDCAP/WE/4694/2010 dated August 16, 2010. Consequently our Company entered into an agreement with NEDCAP on August 17, 2010 for setting up the said Wind Power Project at Kondamedapally, Kurnool District, Andhra Pradesh and entered into a Power Purchase Agreement on March 31, 2011 (“PPA”) with Central Power Distribution Company of Andhra Pradesh (DISCOM).

In order to make financial arrangements for the said Wind Power project, our Company approached State Bank of India, which sanctioned a term loan of ₹ 7.84 Crores, vide its sanction letter dated September 2, 2010.

Since, the proposed line of activity, i.e., wind power generation was not germane to the existing line of business, our company resolved to make suitable amendments to the Memorandum of Association and commence the business. In this regard, an Extraordinary General Meeting of the Members was convened and duly held on February 17, 2011, for amending the Memorandum of Association and enabling our Company to commence and carry on the business of generation of electricity and a special resolution approving the amendment was passed in the said EGM. The same was filed with the Registrar of Companies, Andhra Pradesh (‘ROC’) for giving effect to the alteration of the Object Clause. ROC has since confirmed the alteration of Object Clause vide certificate dated March 28, 2011 issued u/s 18 (1) of the Companies Act, 1956.

Shriram EPC Ltd. has completed the implementation of 2MW e Wind Power Project. 1 MW was commissioned on March 31, 2011 and remaining 1MW was commissioned on July 16, 2011 but the Commercial Operation Date has been considered as March 31, 2011 by the DISCOM as per Article 1, clause 1.4 of the PPA. The power generated is not meant for captive consumption and is sold to Andhra Pradesh Central Power Distribution Company Limited (APCPDCL) as per Power Purchase Agreement (PPA) dated March 31, 2011. As per the PPA, out of the 2 MW capacity, 0.01 MW is permitted for auxiliary consumption and 1.99 MW for export to network for sale to DISCOM at the rate of ₹ 3.50 per unit for a period of 10 years from the commercial operation date. The tariff payable beyond 10th year of operation will be as determined by Andhra Pradesh Electricity Regulatory Commission (APERC). The revenue generated from wind power generation for the period ended October 31, 2012 is ₹ 47.57 Lakhs.

The breakup of Sales & Segment Profit before Depreciation , Loss on sale of asset and Preliminary Exp. Written off for FY 2009-10 ,FY 2010 -11 ,FY 2011-12 & for the period ended October 31,2012 for sarees, gold and wind power business are as under;-

(₹ In Lakhs)

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	Period Ended October 2012
Sales	**19363.24**	**24377.29**	**26276.19**	**16815.97**
Sarees, Dress Materials & Other Clothing	11461.13	14392.67	16302.10	10273.93
Gold. Silver & Diamond Jewellery/Articles	7902.11	9984.62	9950.35	6494.48
Wind Power	-	-	23.73	47.57
Segment Profit Before Depreciation , Loss on sale of asset and Preliminary Exp. Written off	**896.46**	**1809.87**	**2669.52**	**1740.76**
Sarees, Dress Materials & Other Clothing	738.42	1610.29	2549.05	1628.73
Gold. Silver & Diamond Jewellery/Articles	158.04	199.69	199.01	129.89
Wind Power	-	(0.11)	(78.54)	(17.86)

Our Competitive Strengths

We believe that the following are our principal competitive strengths, which have contributed to our current position in the retail sector in India:

Value Proposition and Understanding the Consumers

Consumers are looking at seeking value on all that they purchase, especially in tougher times. They want to seek that extra value/ benefits at no extra cost as compared to what they have been used to, whether in terms of product attribute, designs or services. Understanding the customer is one of the most important skills required to be successful in our business. Our products are based on innovative designs relevant to Indian taste. Our promoters have wide experience in the field of retailing and we believe that this will help us to understand the consumer preference in a better way. This strength enables us to cope up with emerging new trend in the market.

Wide Customer Base

We cater to wide base of customers with sarees ranging from ₹300 to ₹3, 50,000. Our company has a collection ranging from latest fashion sarees to the most elegant classic designs that suit the requirement of the consumers. Its target customers vary in the age group of 20-35 years and 40-60 years who prefer more fashionable and elegant design, respectively.

Efficient supply chain management

Our supply chain management involves planning right from merchandize sourcing, standardization of quality in procurement, vendor management, logistics support, quality control, 'pilferage' control and replacement and replenishment. Our supply chain management provides us flexibility to adapt to changing patterns in consumer behaviour and our ability to add value at various steps/levels. In particular, our supply chain management gains strength from our ability to undertake in-house design of sarees.

Distribution network

Our distribution and logistics network comprise of central distribution centres located in Hyderabad, which is being closely looked after by our senior management. Besides, we have our own fleet of 3 vans, which helps us to transport and deliver our products in a cost and time efficient manner. We believe that our distribution and logistics set up is well equipped which allows us to fulfil the outlet requisition within short time period of receipt of order. This has helped us to optimize in-store availability of merchandise and minimize transportation costs. Our distribution and logistics network has enabled us to dispense with the requirement of a dedicated storage space at every outlet and instead undertake periodical replenishment of depleted stock. Due to adoption of a tracking system, we are able to benefit from optimum utilization of the space allocated for display in our retail outlets. This provides us assistance in maintaining adequate working capital requirement and less carrying cost.

Adequate Information Technology Infrastructure

We have managed our growth by investing in infrastructure, including human and IT infrastructure. We being a retailer understand that the key to succeed in the long term is to invest in software. We use specially-designed software to maintain our sales, records and outlet inventories. All daily transactions at our outlets are updated through pooling of incremental data of transactions. We maintain full control on all the stocks and sales on daily basis. We are using Pluto, Genysis, etc to keep track of our retail operations and help in inventory control.

Visual Merchandising

Visual merchandising is very critical for a retail outlet the impact that visual merchandising can create begins with the overall outlet design and the display mechanism within the outlet. We have worked to bring the products personality alive with an off-beat display that allows consumers to touch and feel every product category. Our company tries to keeps it refreshed as much as possible which usually, is done on seasonal basis but updating and decoration happens on daily basis. To reach the consumers in an organised way, a lot of significance is been given to the visual merchandising of the outlet, ambience, lighting, different shades and colors to bring in footfall and ensure instant sales.

Our management team

We have strong management team with many years of hands on experience in the retail sector. Our Chairman and Managing Director Mr. Chalavadi Naga Kanaka Durga Prasad, have an extensive experience in retail industry. This understanding helps our top management in taking appropriate decisions.

We have also created an empowered sales team and team of mid-level managers providing them regular training for carrying out the day to day operations of our company. We strongly believe in regularly training our managerial and supervisory staff in their respective jobs.

Strong Marketing Team

We believe that to succeed in retail market, we need to have brand recall from our customers. On this belief, we have our own in-house marketing team focusing on developing different strategies to retain the existing customers and attract new customers to increase the footfalls i.e. increase the flow of customers in our outlets. The marketing team deploys various marketing methodologies to increase footfalls in our outlets by advertising on Television Channels, Hoardings, Brochures, News paper Advertisements, offering discounts on different occasions, tracking the marketing campaigns of our competitors and devising the counter moves to restrict our customers from moving to any other stores.

In addition to the above, we have a system of collecting feedback from our customers. We offer them, feedback forms, which are usually filled by them and submitted across the counter, this is a powerful control measure making us instantly aware of where we stand. We take the feedback of our customers spontaneously and have been taking immediate steps to correct any shortfalls. These forms also gives us the details of our customers as names, addresses, contact details, preferences to receive communication by way of phone calls, SMS, advertisements, etc. for any new arrivals, discount offers, season offers, etc. This enables us to be in continuous contact with our customers. We have wide customer database for Sarees, Women wear, Kids wear and

Menswear. Also we use Internet technology as a medium to reach our customers apart from traditional marketing tools.

Strategic Outlet Locations

Our retail outlets are located strategically, in key and the potential areas in the respective cities:-

Hyderabad

- **Ameerpet:** This is the shopping hub of Hyderabad; it is a quick drive from the upscale Banjara Hills, Jubilee Hills & Film Nagar Areas.
- **Dilsukhnagar:** Densely populated residential area in entire Hyderabad that attracts the upper and middle income group shoppers.
- **Kukatpally (KPHB):** KPHB is the biggest housing colony and is at close proximity to the Hi-tech City, Kondapur, and Gachibowli, the second biggest IT hub in India.
- **Patny:** This is the shopping hub of Secunderabad, housing majority of textiles and garments stores which caters to the needs of all sections of the society and located in the heart of twin cities of Hyderabad and Secunderabad.
- **Banjara Hills:** This is the central place of all the elite class of people from varied walks of life ranging from Government servants to Sports celebrities, Media moghuls, Stardom of the Film industry, High Networth Individuals, etc.

Guntur

- Guntur is the throbbing business district of Coastal Andhra that boasts of a rich populace of Tobacco and chili farmers and exporters.

Vijayawada

- Vijayawada is considered as the financial fortress of State of Andhra Pradesh and is home to rich and high networth individuals. The retail outlet is strategically located in the prime location, which is the default destination for Homemakers, businessman, high-end landlords etc ,

Kanchipuram

- Kanchipuram is the business hub for Silk and Pattu Sarees. The retail outlet was setup to tap the four Southern States i.e. Andhra Pradesh, Tamilnadu, Kerala & Karnataka.

Hanumakonda

- Hanumakonda is a business hub and serves as centre commercial place for adjacent areas in the northern parts of Andhra Pradesh.

Bengaluru

- **M. G. Road:** Bengaluru's most famous promenade is where the elite shoppers come to revamp their wardrobes.
- **Jayanagar:** Believed to be one of the largest planned residential areas in Asia and conservative place to live in.
- **Malleshwaram:** Bengaluru's one of the oldest and conservative housing area.
- **Marathahalli, Chinnapanahalli Village:** In the heart of Bengaluru's IT hub.
- **Chickpet:** Two retail outlets at Chickpet. This is one amongst the largest wholesale and retail markets in South India for Textiles and Gold.

Personal relationship at the outlet floor

Our company believes that improved customer service provides a tremendous boost to sales. Handing over the decision making in customer service to our outlet managers has empowered them to understand the customers better and address the needs and retain them.

Commitment to Quality

Our company strives to provide quality sarees with regard to fabric, design, precision, durability and have put in place stringent quality control systems to ensure high quality of the sarees. We also have a system wherein customers if find any defects in our sarees can replace them within 15days of the purchase. We, therefore, never compromise and are fully committed to providing only quality products.

Shop-in-Shop Arrangement for Display and Sale of Jewellery in our Retail Outlets

We believe that we understand the taste and preferences of our target customers. To provide ease and comfort of shopping and one-stop shopping experience to our customers especially for weddings, our company has entered into retailing of jewellery business through Shop-in-Shop Arrangement with its group concern Sai Swarnamandir Jewellers Private Limited ("SSJPL"). This enables us to serve our customers better and satisfy their taste and preferences.

Our Strategy

Strengthening our presence by spreading the network of our Retail Outlets:

We presently have 15 retail outlets in South India for display of our sarees at places like Hyderabad, Bengaluru, Guntur, Vijayawada, Kanchipuram and Hanumakonda Apart from these; additionally we are in the process of setting up one more retail outlet cum administrative office at Jayanagar, Bengaluru in Karanataka during the current financial year. We propose to add 4 more retail outlets in Southern India. The display of our sarees across these outlets which are scattered in different location helps to increases our customer base and enhances "KALAMANDIR", "MANDIR" & "VARAMAHALAKSHMI" brand value.

Strengthening brands

We intend to develop and enhance existing as well as future brands, through brand promotion and building efforts such as advertisements in print media, radio, hoardings, televisions, organizing events etc. We will continue to sponsor/ participate at fashion shows, films etc.

Developing Key Design Team for Sarees

As our focus and main business is sarees, we plan to enhance the base of our design team and plan to introduce innovative designs, concepts, materials, colour combinations, etc., which would build brand for different varieties of sarees meant for different occasions and festivals. We plan to build key design team, which will have industry experts in sarees and would have understanding of latest trends.

Procurement from low-cost manufacturing units across India

In addition to our strategy to continue procurement of goods from small and medium sized vendors and manufacturers through our group company, M/s Sai Retail India which leads to cost efficiencies, we intend to procure sarees from low-cost manufacturing units located across India. Towards this objective, we propose to increase our procurement of sarees and dress materials in bulk from centres like Varanasi (Kashi), Surat, Dharmavaram, Kanchipuram, Ahmedabad, Delhi, Jaipur, Mumbai, Madurai, etc. and thereby realize economies of scale and pass on the benefits so accrued to our customers.

Building business through long-term relationship with customers

We believe that understanding the needs of our customers is of prime importance for the continuous growth of our business. In order to continuously provide customer satisfaction, our customer management team assimilates customer feedback and we endeavour to take necessary steps to address the requirements of our customers. In addition, we plan to introduce co-branded credit card for ease of payments for our customers. We propose to continuously undertake such initiatives to increase the satisfaction of our customers.

Continue to upgrade information technology systems and processes

We believe that any retail business requires efficient information technology systems for control over the functioning of various outlets including stock management, pricing and promotion, replenishment, sales, quality control and financial accounting. We may upgrade our information technology set up and enter into arrangements with leading vendors of information technology services for implementation of more advanced ERP applications such as SAP. We intend to periodically upgrade our information technology systems and processes.

Continue to train employees and seek entrepreneurship skills from employees

We believe, key to our success will be our ability to continue to maintain and grow a pool of strong and experienced professionals. We have been successful in building a team of talented professionals and intend to continue placing special emphasis on managing attrition and attracting and retaining our employees. We intend to continue to encourage our employees to be enterprising and expect them to 'learn on the job' and contribute constructively to our business, either through ideas, personal networks or effective knowledge management. We also intend to continuously re-engineer our management and organizational structure to allow us to respond effectively to changes in the business environment and enhance our overall profitability.

Increasing customer satisfaction and our base of loyal customers

We believe that understanding the needs of our customers is of prime importance for the continuous growth of our business. In order to continuously provide customer satisfaction, our customer management team assimilates customer feedback and we endeavour to take necessary steps to address the requirements of our customers. We propose to continuously undertake such initiatives to increase the satisfaction of our customers.

Swot Analysis

Strengths

- Our company is in the business of retailing of sarees under the brand name of "KALAMANDIR ", "MANDIR "& "VARAMAHALAKSHMI". The brand gets promoted through advertisements on Television Channels, Hoardings, Brochures, Newspaper Advertisements, campaigns etc;
- Our company caters to wide range of customers from any age group.
- Our company offers variety of sarees for various occasions that helps in increasing the number of customers;
- Our company is a profit making entity having sound financials over the past years and an established marketing network;
- Promoters are experienced and have been in this line of business for last few years;
- Availability of skilled manpower

Weaknesses

- Various factors affect the customer's footfalls, including choice of location and nature of floor layout. Factors such as regional economy, weather conditions, natural disasters, social unrest as well as government regulations specific to the states in which we operate also affect our result from operations;
- Global economic and political factors that are beyond our company's control influence the forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude;
- The taxation system within the country remains complex. The Multi-point octroi and tax avoidance by smaller stores are some of the concerns faced by organized retailers. The changes in these local taxes and levies can impact the performance of organized retailers adversely.

Opportunities

- Inspite of global slowdown, the Indian retail sector is expanding at a rapid rate.
- Indian wear is still the most preferred choice for any traditional occasions like marriages and family functions. In spite of the big influence of Western wear, a majority of women still have a large representation of ethnic wear in their wardrobe for various occasions. In fact, the willingness to spend has increased all the more with different traditional and contemporary designs being offered;

Threats

- Terrorist attacks and other acts of violence or war, including those involving India or any other country that may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our Company's business, results of operations and financial condition;
- The overall negative impact of the global economies / slowdown in economic growth in India at anytime may hamper the plans and performance of our company;
- Military activity or terrorist attacks could influence the Indian economy by disrupting communications and making travel and transportation more difficult. This in turn, could have a adverse effect on the market for our company's products and services;
- A significant change in Government of India's economic liberalization and de-regulation policies or key industries regulations, could disrupt the business of our company;
- Post WTO, India is exposed to greater International competition.

Overview of Our Operations

Retail Operations

Locations

Existing Retail Outlets

Currently our company has 15 retail outlets in South India spread over 129,035 sq.ft. The State and City wise details of retail outlets are as under:

Particulars	Total No. of Retail Outlets
Andhra Pradesh	
Cities:	
• Hyderabad	5
• Vijayawada	1
• Guntur	1
• Hanumakonda	1
Karnataka	
• Bengaluru	6
Tamilnadu	
• Kanchipuram	1
Total	**15**

Set forth below are details of the location of our existing leased outlets in Southern India.

Sr. No.	Location	Address
		Hyderabad
1	Ameerpet	Municipal No. 6-3-789, Pavani Prestige, Hyderabad-500016
2	Kukatpally	Municipal permission No.G1/174/BA/1756/2006-2007, Kukatpally, Hyderabad- 500 072
3	Dilsukhnagar	Municipal No. 16-11-515/1, Vijetha Navaratan Trade Center, Hyderabad-500060
4	Patny	Shop No.4, Harihara Bhavan, Patny Secunderabad
5	Banjara Hills	M. No. 8-2-608/12, Ghaffar Khan Colony, Road No. 10, Banjara Hills, Hyderabad-500 034.
		Vijayawada
6	Vijayawada	Door No. 27-16-61, Besant Road, Governorpet, Vijayawada -520002

		Guntur
7	Guntur	Ground, First & Second Floor , HLR Water Tank, Koritipatu Main Road, Guntur-522007
		Hanumakonda
8	Hanumakonda	Sy. No. 1080, Balasamudram, Patnam Road, Hanumakonda, Warangal District, Andhra Pradesh
		Bengaluru
9	Jayanagar	No: 568-60(Old No. 568), Ward No. 60, Patabhi Rama Nagar , 11th Main Rd, 4th Block, Jayanagar East, Bengaluru.
10	Malleshwaram	# 340 (old # 522), Jubilee Plaza, Sampige Road, Malleshwaram, Bengaluru-560003
11	Chinnapanahalli Village, Marathahalli	Marathahalli Out Ring Road, Channapahalli,KR Puram, Opp:Richfield Apartments, Marathahalli, Bengaluru
12	M.G. Road	65 Blue Moon Complex, M.G.Road, Bengaluru
13	Chickpet	D M Arcade, Dharamarayaswamy Temple Main Road Chickpet, Bengaluru
14	Chickpet	No. 245 & 246,Chickpet Main Road,Chickpet, Bengaluru
		Kanchipuram
15	Kanchipuram	Door No. 16, Gandhi Road, ,Kanchipuram - 631 501, Tamilnadu

In addition to the above, we have warehouse centre in Kukatpally, Hyderabad, whose details are given below:

Sr. No.	Distribution & Warehouse Centre	Location
1	Kukatpally	2-23-1/3, plot no 3, survey no. 148, Sathavahana Colony, Kukat pally, Hyderabad-500072

Apart from the above, we are in the process of opening one more retail outlet cum administrative office comprising of 17,500 square feet at Door No. 33 (Old No. 502), 46th Cross, 20th Main Road, Jayanagar, Bengaluru- 560 041 during the current financial year.

Proposed Retail Outlets

The below mentioned 4 retail outlets which are proposed to be set up in South India out of the Issue Proceeds, are as under:

Region: Southern	Total No. of Outlets
Uppal, Hyderabad	1
Vijayawada	1
Nizamabad	1
T Nagar, Chennai	1
Total	**4**

Our Business Process

Our business process can be summarized as below:

1.0. Identification of market and product, planning, procurement, storing, pricing and Distribution

1.1. **Segmentation of Target Audience**: The efforts of our retail business are targeted towards families having total income which can be classified under the “middle” and “upper middle” and “upper class” income groups. Accordingly, we plan our strategy to search for areas within cities where such customers are domiciled in large numbers and make efforts to locate ourselves within the reach of such customers.

1.2. **Identification of current market trend** and customer, our marketing team headed by professional from the Industry keeps a close eye on the customer preference and change in the fashion and taste of wide range of customer in apparel industry.

1.3. **Merchandise Planning** Our merchandise planning is based on the concept of category management rather than traditional brand management practices. Further, we adopt various retail methods while formulating our annual merchandising plans, which are based on certain factors discussed below.

Apparels Under category management for, say, apparels, we create and cater to products across length and breadth of a category at different price points, fabrics, designs, shapes, seasons, colours and sizes. We formulate annual merchandising plan for each division of merchandise taking into consideration factors such as past sales data, regional customer tastes and preferences, number of outlets (established and proposed), likely fashion and trends, vendor management and price. Each division is further divided into major categories (for instance, men's apparel as a division is further divided into three major categories, namely, upper, lowers and sports and ethnic wear). These major categories are in turn segregated into various sub-categories. For example, men's upper as a major category would be further divided into several sub-categories such as formal shirts, casual shirts, party wear etc. Each subcategory consists of pre-defined SKUs, which are classified on the basis of price point, brand, style, pattern and size. We draw annual sales projections for different SKUs and, accordingly, ascertain our sourcing requirements. Based on such information and lead time estimates for supplies, purchase orders with delivery schedules are issued. The inventory position for each SKU is reviewed fortnightly taking into account the actual sales and variations from the budgeted plans. Regular visits to the outlets are made by the category merchandising team to identify the slow-moving-SKUs and explore the options to expeditiously dispose of them.

1.4. **Outlets Planning, Layout and Operations:** We believe that adoption of standard formats for our outlets has led to brand establishment and identification among our customers and will increase our base of loyal customers. In pursuance of this, we have adopted standard parameters for outlet planning and establishment. For ensuring standardized formats of our outlets, we consider various factors, such as internal and external décor and colour schemes, allocation of outlet space, stock mix and pricing and accounting methods.

1.5. **Procurement of Sarees / Apparels:** Upon ascertaining the procurement needs based on each SKU, we explore the various options for sourcing the products. We continuously strive to procure goods from the place of origin to reduce the costs and control the quality. For identifying the vendors, we assess the various possible options on factors such as capacity, credibility in the market, quality awareness and experience. After identifying the vendors for the goods, we place purchase orders based on our SKU-wise plan, estimated lead time of each vendor and quantity to be procured from each vendor. We follow a policy of 'payment on delivery' to negotiate better prices with the vendors and in certain cases we also release payments in advance. To ensure quality of supplies, we check quality by way of random sampling at the time of receipt of the goods. To verify that the quantity of supplies is as ordered, we undertake count-check for every receipt of the goods. We also get sarees manufactured from job-workers as per the specifications of design, quality of materials, colour combinations, size, etc. Job-workers use their own material and labour and supply us the manufactured hand woven sarees to us. Presently, we are procuring mainly through our group company, M/s Sai Retail India.

1.6. **Inventory Management, Distribution Network and Logistics:** Our distribution network and logistics encompasses all activities to ensure that goods are dispatched in right quantities and at right time to reach stores with sufficient time in hand to promptly cater to customer demands and optimization of inventory position. We have built a system to monitor the inventory position on a real-time basis at each retail outlet, under which a stock requisition or delivery order is generated when pre-determined stock or re-order levels are reached. The re-order levels for retail outlets are determined based on factors such as display levels, lead time for replenishment and average daily sales. We review these re-order levels on continuous basis to factor in variances in demand based on seasons, trends and promotional schemes. We have a distribution centre at Kukatpally, Hyderabad The re-order levels for distribution centre is ascertained on the basis of factors like average daily sales of all the outlets services, lead time for replenishment and buffer stock, which caters to both the existing and proposed outlets to be fed. As for the outlets, we regularly review these re-order levels. Our distribution centre and outlets are connected through company-wide virtual network connection through broadband which helps to efficiently manage our network of outlets and distribution centres throughout the country. We have a fleet of 3 vans. We primarily utilize our own vehicles to transport the inventory to our outlets from the distribution centre. In addition, we use the services of logistic solution providers including low cost transport service providers in order to deliver products on time to our outlets and optimize transportation costs. Distribution centre operations have been streamlined through the standardization of racking system, layouts and implementation of automatic replenishment system.

1.7. **Pricing** We follow uniform pricing policy across our outlets in respect of products sold by us. This enhances brand loyalty, encourages customer confidence and results in operational convenience. However, the prices may differ in the case of special discounts being offered under different promotional schemes, occasions, etc.

2.0. Advertisement, sales Promotion and Media Plan

2.1. **Sales Promotions and Customer Service** Our marketing team is used to plan promotional schemes. We launch promotional schemes based on event. Apart from general sales promotion, the category manager formulates promotional plans for 'slow movers'. In addition, to promote sales, we focus on layout of the outlets and positioning, presentation and display of merchandise, in order to appeal to the customer. Under arrangements with some of our merchandise manufacturers, we receive payment on account of display of their products.

2.2. **Advertising and Publicity** We undertake regular promotion of our retail outlets through print media, television and local radio channels and have organized press conferences in the past to promote ourselves. Outdoor advertising such as banners, posters and hoardings are employed to advertise and to increase visibility. Our Company generally carries out its brand building and advertisement campaign through Sumaja Creation for the purpose of advertisement of products, in print publications and non-print media.

3 0.Internal Control , resource utilization , Cost reduction, Waste minimization

3 1.**Internal Controls and Cost Reduction Measures** As a value retail chain, we emphasize on reduction of costs at various stages and levels. In addition to reduction of costs of procurement and by way of optimization of inventory, we employ on the following measures to enhance efficiencies and reduce operational and administrative costs:

3 2.**Resource Utilization** We believe in reducing operating and administrative costs by way of optimum utilization of our human and other resources. For instance, we determine the staffing requirement on basis of a matrix containing factors such as outlet space and footfall intensity. We also train our employees to assume cross-functional responsibilities. As a measure for optimum utilization of our space resources, we have adopted an efficient racking system by deploying relatively higher racks to maximize the space available in an outlet. The upper slabs of a rack are utilized for storage and the lower ones for display. This helps us in eliminating the need of dedicated storage spaces is most of our outlets.

3 3.**Pilferage Control** We have established three-layer security checks to control losses on account of pilferages at our outlets. At the first level, our employees screen the goods being carried out of the outlet by the customers. At the second level, professional security guards oversee the screening process. At the third level, all our outlets are covered by closed circuit television monitoring.

3 4.**Wastage Monitoring** We endeavour to reduce wastage of goods at various stages. For instance, for transportation of goods in our trucks, we use iron boxes instead of cardboard cartons to ensure that the damage in transit is minimized. In addition, iron boxes have a longer life and have been more cost efficient.

3 5.**Information Technology Systems** We are focused on acquisition and implementation of advanced information technology systems, processes and business applications in order to handle all retail outlet operations including inventory management and billing. Our office processes are also computerized which support procurement, supply chain logistics, distribution centres management and inventory control. All the locations are connected through company-wide virtual network connection which helps to efficiently manage our network of outlets throughout the country. We believe that our business requires efficient management and storage of data and information to utilise for business analysis, research and forecast. Based on our existing information technology systems, we are able to generate detailed daily reports covering the various aspects of our business such as division wise sales per outlet, inventory movement and position at retail outlets and distribution centres and generation of purchase and delivery orders.

Manpower Requirements

We focus on hiring and retaining best talent in the industry. We believe that success of our company is driven primarily by our employees through their skills, commitment and their constructive cooperation. We give our employees, feedback, support and ensure that good performance is appropriately recognized. The following table provides details of employees of our Company:

Category	No Of Employees		
	Present (As on November 30, 2012)	Proposed	Total
Top / Senior Level Management	08	01	09
Middle Level Management	74	05	79
Lower Level Management	173	45	218
Total	**255**	**51**	**306**

Sales and Marketing

The efficiency of the marketing and sales network is a critical success factor for our Company. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. To retain our customers, our marketing team regularly interacts with them and focuses on gaining an insight into the additional needs of such customers.

Our marketing team regularly visits our domestic customers and do survey on sales trips. They also regularly provide customers with updated design catalogues. The marketing team deploys various marketing methodologies to increase footfalls in our outlets by advertising on Television Channels, Hoardings, Brochures, newspaper advertisements, offering discounts on different occasions, tracking the marketing campaigns of our competitors and devising the counter moves to restrict our customers from moving to any other stores.

Competition

We face competition from other retailers of similar products in cities we operate. Our competition depends on several factors which include quality, price and most importantly our pace in keeping up with the changing trends in the fashion industry. Competition emerges not only from organized players but also from unorganized players. We focus on offering our customers a vast variety of products catering to their diverse requirements and needs. We continuously monitor moves of our competitors to be able to meet the challenges posed by them.

Export

Country wise analysis of exports made by our company on FOB basis are as under;-

Name of the Country	March 31,2012		October 31, 2012	
	(US $)	(₹ In Lakhs)	(US $)	(₹ In Lakhs)
U.S.A	22190	9.87*	26160	14.48**
Total	**22190**	**9.87**	**26160**	**14.48**

* The Conversion rate of US $ to INR is 44.49.
** The Conversion rate of US $ to INR is 55.36

Our Company does not have any export obligation as on date of filing of RHP.

Collaboration

We have not entered into any collaboration with any one in respect to our business.

Corporate Social Responsibility:

"KALAMANDIR FOUNDATION" has been started towards a noble cause in helping the society. Kalamandir Foundation is promoted by the promoters of our company and registered as a public trust in the year 2010 with a basic motive of not-to-profit and to serve as Corporate Social Responsibility arm of our company. The following objectives are being focused to help the needy and economically backward, downtrodden sections of the foundation:

- To support the economically backward and children in the need of health and education;
- To support the humanity during the natural calamities, donation of clothes to flood relief camps;
- To collaborate in the initiatives of other NGOs for the cause of fostering the needy children health care;
- To support the initiatives which would help the public at large in understanding the health hazards;
- To conduct the workshops and create awareness about conservation of natural resources;
- To promote the activities which would support the welfare and well being of the Weavers community

Properties

I. DETAILS OF LEASEHOLD PROPERTIES

A. Registered Office:

Sr. No.	Details of Agreement	Name of the Other Party	Relationship with our Company	Brief description of property	Agreement valid upto	Monthly Rent as per Agreement *(in ₹)*	Approx area *(sq. ft)*	Whether agreement is registered
1.	Lease Deed dated 26.12.2012	Mr. Sainath Bathina	None	Flat No. 1, Bathina Apartment, 6-3-790/8, Ameerpet, Hyderabad.	31.12.2015	10,000 + 35,000#	2,250	Not registered
2.	Lease Deed dated 13.10.2011	Mr. Chalavadi Naga Kanaka Durga Prasad	Promoter	Flat No. 3, Bathina Apartment, 6-3-790/8, Ameerpet, Hyderabad.	31.08.2014	17,250	1,250	Not registered

towards hire charges

B. Properties for Retail Outlets

The retail outlets through which our Company undertakes its retail activities on lease / rental / contractual basis are as under:

Sr. No.	Details of Agreement	Name of the Other Party	Relationship with our Company	Brief description of property	Monthly Rent/ Commission as per Agreement *(in ₹)**	Agreement valid upto	Approx area *(sq. ft)*	Whether agreement is registered
	HYDERABAD							
1.	Lease Deed dated 01.12.2011	Shri Kataram Krishna	None	Commercial Shop Unit No. G-1, Ground Floor, Pavani Prestige Commercial Complex, situated at premises bearing Municipal No. 6-3-789, **Ameerpet**, Hyderabad.	1,50,000/- subject to enhancement by 15% after expiry of every 2 years + 2,249/- *Ω*	14.12.2020	1553	Registered
2.	Lease Deed dated 01.12.2011	Smt. Kataram Narasamma	None	Commercial Shop Unit No. G-2, Ground Floor, Pavani Prestige Commercial Complex, situated at premises bearing Municipal No. 6-3-789, **Ameerpet**, Hyderabad.	1,50,000/- subject to enhancement by 15% after expiry of every 2 years + 2,249/- *Ω*	14.12.2020	1660	Registered
3.	Lease Agreement dated 02.12.2006 read with Rectification Deed dated 16.10.2009	M/s P.R.R. Estate	None	Commercial Shop Unit No.G-1, on the Ground, First, Second and Third Floor, situated at premises bearing municipal permission No.G1/174/BA/1756/ 2006-2007, **Kukatpally**, Hyderabad.	32.10/- per sq.ft	30.11.2016	21,600	Registered
4.	Lease Deed dated 13.09.2010	1. Syed Abdul Kareem 2. Syed Zuhair Karee	None	M.No.8-2-608/12, First floor, Ghaffar Khan Colony, Road No. 10, **Banjara Hills**, Hyderabad.	1,20,000/- subject to enhancement of 5% p.a. for the first two years, 6% p.a. for the next three years	30.06.2019	2,500	Registered

Sr. No.	Details of Agreement	Name of the Other Party	Relationship with our Company	Brief description of property	Monthly Rent/ Commission as per Agreement (*in ₹*)*	Agreement valid upto	Approx area (*sq. ft*)	Whether agreement is registered
		m 3. Syeda Saba Kareem			and 7% p.a. for the last three years			
5.	Lease Deed dated 10.09.2010	1. Syed Abdul Kareem 2. Syed Zuhair Kareem Syeda Saba Kareem	None	M.No.8-2-608/12, Ground floor, Ghaffar Khan Colony, Road No. 10, **Banjara Hills**, Hyderabad.	2,00,000/- subject to enhancement of 5% p.a. for the first two years, 6% p.a. for the next three years and 7% p.a. for the last three years	30.06.2019	2,000	Registered
6.	Lease Agreement dated 11.05.2006	1. Ajay Kishan 2. Prashanth Kishan 3. Jitender Kishan 4. Uma Devi 5. Karthik Waghray	None	Commercial Shop Unit No.G-1, on the Ground, First and Second Floor, in Vijetha Navaratan Trade Centre, situated at premises bearing municipal No.16-11-515/1, **Dilsukhnagar**, Hyderabad.	3,43,470/- subject to enhancement of 5% from 01.01.2007, 15% from 01.01.2010 and 15% after the expiry of every three years during the lease period	31.03.2016	11,449	Registered
	VIJAYAWADA							
7.	Memorandum of Understanding dated 26.03.2010	1. Malladi Kiranmayee 2. Malladi Rajendra Prasad 3. Malladi Srinivas	None	Door No. 27-16-61, Besant Road, Governorpet, **Vijayawada**.	1,00,000/- subject to enhancement of 15% on completion of every three years from 01.07.2010	30.06.2022	6,300	Not registered
	GUNTUR							
8.	Franchise Agreement dated 20.12.2007	M/s. Kiran Showroom	None	Ground, First & Second Floor, Koritipatu Main Road, . HLR Water Tank, **Guntur**	3,00,000/- subject to enhancement of 15% at the end of 36 months	19.12.2016	8,000	Not registered
	SECUNDERABAD							
9.	Franchise Agreement dated 04.08.2010	SSS Marketing	Related Party	Shop No. 4, Harihara Kala Bhavan, **Secunderabad**.	1,50,000/- or 2% of sales turnover, whichever is higher	31.07.2020	2,959	Not registered
	KAPRA							
10.	Lease Agreement dated 26.03.2012	Asian Theatres Pvt. Ltd.	None	Entire ground floor in multiplex named "**Radhika Asian Movieplex**" bearing House No. 1-6-1, situated at Sriram Nagar Colony, **Kapra**, ECIL, Ranga Reddy District,	7,56,000 subject to enhancement of 15% on completion of every three years	30.09.2021	Under construction	Not registered

Sr. No.	Details of Agreement	Name of the Other Party	Relationship with our Company	Brief description of property	Monthly Rent/ Commission as per Agreement *(in ₹)**	Agreement valid upto	Approx area *(sq. ft)*	Whether agreement is registered
				Andhra Pradesh.				
	HANAMKONDA							
11.	Lease Agreement dated 11.04.2012	Asian Cinema & Multiplexes Pvt. Ltd.	None	Shop No. 2 on the ground floor, in the multiplex titled "**Asian Sridevi Mall**" situated at Sy. No. 1080, Balasamudram, Patnam Road, **Hanamkonda**, Warangal District, Andhra Pradesh.	2,30,000 subject to enhancement of 15% on completion of every three years	20.06.2021	3,320	Not registered
	RAJAMUNDRY							
12.	Memorandum of Understanding dated 31.05.2012	Times Square Hotels Pvt. Ltd.	None	Ground floor, first floor, second floor and third floor situated on the South East corner of PSR Royale Mall (to be constructed) on railway landed property situated at Old Godavari Stn., Kotagummam, **Rajamundry**, Andhra Pradesh	45.00 per sq. ft. on carpet area subject to enhancement by 5% on completion of every year from the date of lease commencement date	15 years from the lease commencement date	Under construction	Not registered
13.	Memorandum of Understanding dated 12.10.2012	Profit Shoe Company Private Limited	None	Ground floor in part (in existence) and first & second floors (to be constructed) in Door No. 11-13-6, Fort Gate, Rajamundry Town, Rajamundry Municipal Corporation, Rajamundry Sub-Registry, East Godavari District, Andhra Pradesh.	5,60,000/ subject to 15% escalation on completion of every three years from the date of lease commencement date	10 years from Lease Commencement Date (tentatively 14.02.2023)	2,750 (partly constructed) + 12,000 (to be constructed)	Not registered
	BENGALURU							
14.	Rental Agreement dated 07.11.2007	G.P. Nanjunda Swamy	None	No: 568-60 (Old No. 568) Ward No. 60, Patabhi Rama Nagar, 11th Main Road, 4th Block, **Jayanagar**, Bangalore.	5,75,000/- subject to escalation from 01.02.2008 @ 15% every three years	30.01.2018	6,700	Not registered
15.	Rental Agreement dated 30.10.2007 read with Addendum to Rental Agreement dated 30.10.2007	G.P. Rama Swamy	None	No: 568-60 (Old No. 568) Ward No. 60, Patabhi Rama Nagar, 11th Main Road, 4th Block, **Jayanagar**, Bangalore.	5,01,000/- subject to escalation from 01.01.2008 @ 15% every three years + 10,000#	30.01.2018	6,500	Not registered
16.	Lease Deed dated 08.12.2012	1. Dr. Balarama Shermila 2. Dr. Balarama Kavitha	None	Ground, First, Second, Third floors with terrace, bearing municipal door no. 33 (Old No. 502), 46th Cross, 20th Main Road, **Jayanagar** 5th	8,25,000/- subject to escalation of 15% every three years from 01.05.2013	30.04.2028	17,500	Not registered

Sr. No.	Details of Agreement	Name of the Other Party	Relationship with our Company	Brief description of property	Monthly Rent/ Commission as per Agreement *(in ₹)**	Agreement valid upto	Approx area *(sq. ft)*	Whether agreement is registered
				Block, Bengaluru.				
17.	Lease Deed dated 11.03.2011	1. Shri Uttamchand 2. Shri Inderchand 3. Uttamchand & Inderchand (HUF) 4. Smt. Leela Bhandari w/o (late) Mangilal 5. Sri. Mohanlal Bhandari 6. Sri Suresh 7. Smt. Neeru w/o Rajendra Jitendra Bhandari 8. Smt. Kala w/o Jitendra Bhandari 9. Smt. Sejal Bhandari w/o Nitesh Bhandari	None	1st Floor, 2nd Floor, 3rd Floor terrace premises, in commercial property bearing BMP Nos. 202, 203 and 203/1, now called D.M Arcade, situated at Dharamarayaswamy Temple Main Road (formerly O.T.C. Road), **Chickpet**, Bangalore	4,91,000/- subject to escalation of 15% every three years till nine years and 22% every three years thereafter till fifteen years	29.02.2024	6,300	Not registered

Sr. No.	Details of Agreement	Name of the Other Party	Relationship with our Company	Brief description of property	Monthly Rent/ Commission as per Agreement *(in ₹)**	Agreement valid upto	Approx area *(sq. ft)*	Whether agreement is registered
18.	Lease Deed dated 11.03.2011	1. Shri Uttamchand 2. Shri Inderchand 3. Uttamchand & Inderchand (HUF) 4. Smt. Leela Bhandari w/o (late) Mangilal 5. Sri. Mohanlal Bhandari 6. Sri Suresh Bhandari 7. Smt. Neeru w/o Rajendra Jitendra Bhandari 8. Smt. Kala w/o Jitendra Bhandari 9. Smt. Sejal Bhandari w/o Nitesh Bhandari	None	Shops on Ground floor bearing private Nos. GF-3, GF-4 (North-West) in commercial property bearing BMP Nos. 202, 203 and 203/1, now called D.M Arcade, situated at Dharamarayaswamy Temple Main Road (formerly O.T.C. Road), **Chickpet**, Bangalore	15,500/- subject to escalation of 15% every four years from 01.12.2008	28.08.2030	444	Not registered
19.	Agreement to Lease dated 14.12.2012	M/s. VKP Properties – registered partnership firm	None	Jubilee Plaza, #340 (Old#522), Sampige Road, **Malleswaram**, Bangalore	5,50,000/- subject to escalation @ 15% on completion of every 36 months	30.11.2017	9,000	Not Registered
20.	Agreement of Lease dated 19.11.2011	Mr. M. Abdul Aleem and Mrs. Fahmida Aleem	None	Land together with Commercial Building with Ground, 1st, 2nd, 3rd Floors with basement area and terrace standing thereon presently	5,25,000/- subject to enhancement by 15% after every three years from 14th	13.08.2026	14,000+ 1,200	Not Registered

Sr. No.	Details of Agreement	Name of the Other Party	Relationship with our Company	Brief description of property	Monthly Rent/ Commission as per Agreement *(in ₹)**	Agreement valid upto	Approx area *(sq. ft)*	Whether agreement is registered
				bearing BBMP Khata No.440, Old Municipal No. 1/24, earlier portion of CMC Khata No. 147, carved out of Survey No. 36, Chinnappanahalli, K.R. Puram Hobli, Ward No. 85, Bangalore East Taluk , togetherwith the vacant site (triangle bit) bearing Municipal No.440, BBMP Khata No. 147/1-98-99, property no. 36/28, Survey No. 36, Chinnappanahalli Village, K.R. Puram Hobli, Ward No. 85, Bangalore East Taluk.	August, 2014			
21.	Revenue Sharing Agreement read with Memorandum of Understanding, both dated 14.07.2008	M/s. Manlio – partnership concern	None	65, Blue Moon Complex, **M.G. Road**, Bangalore.	3,75,000/- subject to escalation by 18% at the end of 36 months	28.02.2013	1,300	Not Registered
22.	Lease Deed dated 25.01.2012	1. P. Sathyanarayana; 2. P. Surendra; 3. P. Srinivasa; 4. P. Srirama	None	Shop premises situated on Ground floor and 1st Floor in commercial property bearing Municipal No. 245 and 246, **Chickpet Main Road**, Bangalore along with rights of usage of one bathroom and one staff lunch room on the terrace of the building and one within the leased property.	6,00,000 subject to enhancement beginning from 01.08.2014 and at the rate specified in the Lease Deed	31.07.2026	4,250	Registered
	KANCHIPURAM [TAMIL NADU]							
23.	Memorandum of Understanding dated 02.07.2012	Mrs. Parmeswari Balavenkatesan	None	Total building comprised of ground floor and first floor in property bearing Door No. 16, Gandhi Road, **Kanchipuram**, Tamil Nadu	3,25,000 subject to enhancement by 10% on completion of every 3 years from the date of lease commencement	15 years from 18.10.2012	12,000	Not registered
24.	Memorandum of Understanding dated 02.07.2012	Mr. T. Balavenkatesan	None	Entire terrace over the first and ground floor superstructure in the property bearing Door No. 16, Gandhi Road, **Kanchipuram**, Tamil Nadu	75,000 subject to enhancement by 10% on completion of every 3 years beginning from the date of lease commencement	15 years from 18.10.2012	6,000	Not registered

** Rent exclusive of taxes, if any.*

 # Charges towards amenities and Ω Towards maintenance charges

C. Warehousing

Our Company has in place centralized distribution centre at Kukatpally, Andhra Pradesh (details provided below) wherefrom it undertakes its warehousing and distribution activities:

S N	Details of Agreement	Name of the Other Party	Relationship with our Company	Brief description of property	Agreement Valid Upto	Monthly Rent as per Agreement *(in ₹)*	Approx built- up area *(sq. ft)*
1.	Lease Agreement dated 06.10.2007	CH. Suhas Reddy	None	Residential Unit No. G-1 on the Ground, 1st, 2nd, 3rd & 4th Floor situated at premises bearing No. 2-23-1/3, Plot No. 3, Survey No. 148, Sathavahana Colony, **Kukatpally**, Hyderabad.	31.12.2017	6/- per sq.ft. subject to enhancement of 8% p.a.	14,042
2.	Lease Agreement dated 06.10.2007	CH. Vijaya	None	Residential Unit No. G-1 on the Ground, 1st, 2nd, 3rd & 4th Floor situated at premises bearing No. 2-23-1/3, Plot No. 3, Survey No. 148, Sathavahana Colony, **Kukatpally**, Hyderabad.	31.12.2017	6/- per sq.ft. subject to enhancement of 8% p.a.	14,042

II. DETAILS OF GOVERNMENT LAND ALLOTTED FOR WIND FARM PROJECT

Sr.No.	Details of Allotment	Brief description of property	Approx area
1.	Revenue land allotted to Shriram EPC who has now applied for transfer of the same in favour Sai Silks (Kalamandir) Ltd.	Survey nos. 690, 691/1, 691/3 and 692, Kondameedipalli Village, Kolimigundla Mandal, Kurnool, A.P.	3.74 acres

III. DETAILS OF FREEHOLD PROPERTY

Land for Wind Farm Project

Sr.No.	Details of Agreement	Brief description of property	Consideration paid *(in ₹)*	Relationship with our Company/ Promoters
1.	Registered Sale Deed (No. 153/2011) dated 08.02.2011 entered into between our Company and Shriram EPC Ltd.	Survey No. 602 in Thummalapenta Village, Survey Nos. 803 & 802/4 in Petnikota village of Kolimigundla Mandal, **Kurnool**, admeasuring approximately 3.40 acres in aggregate.	1,40,000/-	None

INSURANCE:

Our Company has insured its assets and stocks through various insurance policies issued by **Cholamandalam MS General Insurance Company Ltd.**, brief details whereof are given below:

(Amount in ₹)

Sr. No.	**Policy No.**	**Location of property Insured**	**Particulars of property insured**			**Total Sum Insured**	**Valid upto**	**Premium + Taxes**
			Fire - Contents	***Burglary & Housebreaking***	***Plate Glass***			
REGISTERED OFFICE – Office Package Insurance Policy								
1.	SOF-00002122-000-00	Flat No. 1, Bathina Apartment, 6-3-790/8, Ameerpet, Hyderabad.	7,00,000	5,00,000	2,00,000	14,00,000	16.11.2013	6,989
Total						**14,00,000**		

(Amount in ₹)

Sr. No.	**Policy No.**	**Location of property Insured**	**Particulars of property insured**					**Total Sum Insured**	**Valid upto**	**Premium + Taxes**
			Stocks	***Furniture, Fixtures & Fittings***	***Money Insurance***	***Plate Glass***	***Public Liability***			
RETAIL OUTLETS - Shop Owners' Comprehensive Insurance Policy										
1.	2143/00022240/000/00	#2-22-299/1/7/A PRR Estate, KPHB Main Road, **Kukatpally**, Hyderabad.	9,00,00,000*	2,75,00,000*	15,00,000	12,00,000	10,00,000	12,12,00,000	30.01.2013	1,44,591
2.	2143/00022297/000/00	#16-11-515/1, Vijetha Navaratan Trade Center, **Dilsukh Nagar**, Hyderabad.	8,00,00,000*	2,20,00,000*	15,00,000	5,00,000	10,00,000	10,50,00,000	30.01.2013	1,23,705
3.	2143/00022244/000/00	#6-3-739 Pavani Prestige, Ameerpet, Hyderabad.	6,00,00,000*	50,00,000*	15,00,000	3,00,000	10,00,000	6,78,00,000	30.01.2013	81,940
4.	2143/00017593/000/01	H.NO-27-16-61, Near Fish Market, Besent Road, Governerpet, **Vijayawada**.	7,00,00,000*	75,00,000*	30,00,000	3,00,000	10,00,000	8,18,00,000	07.11.2013	1,13,485
5.	2143/00022231/000/00	D. No. 6-29-26, Mother Therisa Circle, Beside HP Petrol Pump, **Guntur**, Koritepadu (Guntur), Andhra Pradesh	3,20,00,000	25,00,000	15,00,000	1,00,000	10,00,000	3,71,00,000	30.01.2013	47,332

Sr. No.	Policy No.	Location of property Insured	Particulars of property insured					Total Sum Insured	Valid upto	Premium + Taxes
			Stocks	*Furniture, Fixtures & Fittings*	*Money Insurance*	*Plate Glass*	*Public Liability*			
6.	2143/00036636/000/00	No. 4 Hari Hara Kala Bhavan, Patny, **Secunderabad**, Andhra Pradesh	5,00,00,000	75,00,000	15,00,000	3,00,000	10,00,000	6,03,00,000	07.10.2013	76,383
7.	2143/00023402/000/00	H. No. 8-2-608/12, Ghaffar Khan Colony, Road No. 10, **Banjara Hills**, Hyderabad.	5,00,00,000*	1,50,00,000*	15,00,000	6,00,000	10,00,000	6,81,00,000	12.02.2013	82,618
8.	2143/00022252/000/00	MG Road, Boutique, # 65 Blue Moon Complex, **MG Road**, Bengaluru.	1,00,00,000*	20,00,000*	9,00,000	50,000	5,00,000	1,34,50,000	30.01.2013	17,231
9.	2143/00022239/000/00	#202, D.M. Archade, **Chickpet** Main Road, Bangalore.	5,00,00,000*	2,70,00,000*	15,00,000	5,00,000	10,00,000	8,00,00,000	30.01.2013	96,228
10.	2143/00022291/000/00	**Maratha Halli**, Outer Ring Road, Channaphalli, KR Puram, Opp Richfield Apts, Bangalore, Karnataka.	1,75,00,000*	6,50,00,000*	15,00,000	5,00,000	5,00,000	8,50,00,000	30.01.2013	99,396
11.	2143/00022289/000/00	H. No. 340, Old No. 522, Jubilee Plaza, Sampigi Road, **Malleswaram**, Bengaluru.	1,85,00,000*	6,25,00,000*	15,00,000	2,00,000	10,00,000	8,37,00,000	30.01.2013	98,973
12.	2143/00022290/000/00	#568-30, 32nd Cross, 14th Main Road, 4th Block, **Jaya Nagar** East, Bengaluru.	7,20,00,000*	1,85,00,000*	15,00,000	2,00,000	10,00,000	9,32,00,000	30.01.2013	1,09,413
13.	2143/00014644/000/00	Varamahalakshmi, No. 245, **Chickpet** Main Road, Bengaluru.	4,00,00,000	1,30,00,000	15,00,000	6,00,000	10,00,000	5,61,00,000	30.07.2013	82,765

Sr. No.	Policy No.	Location of property Insured	Particulars of property insured					Total Sum Insured	Valid upto	Premium + Taxes
			Stocks	*Furniture, Fixtures & Fittings*	*Money Insurance*	*Plate Glass*	*Public Liability*			
14.	2143/00036442/000/00	#16, Gandhi Road, **Kancheepuram**, Kanchipuram, Tamil Nadu	13,50,00,000	1,50,00,000	30,00,000	3,00,000	10,00,000	15,43,00,000	17.10.2013	2,18,001
15.	2143/00037100/000/00	Asian Sridevi Mall, Bus Stand Road, **Hanmakonda**, Warangal, Andhra Pradesh	5,00,00,000*	1,25,00,000*	30,00,000	3,00,000	10,00,000	6,68,00,000	02.11.2013	93,764
WAREHOUSING										
16.	2948/00109371/000/00 (Burglary Insurance Policy)	Plot No.3, Survey No. 148, H.No. 2-23-1/3, **Kukatpally** Village, Balanagar (M), Hyderabad.	7,00,00,000	1,10,00,000	0	0	0	8,10,00,000	30.01.2013	8,934
17.	2130/00108832/000/00 (Standard Fire & Special Perils Policy)	Plot No.3, Survey No. 148, H.No. 2-23-1/3, **Kukatpally** Village, Balanagar (M), Hyderabad.	7,00,00,000 (*others*)	1,10,00,000	0	0	0	8,10,00,000	30.01.2013	61,199
							Total	**1,33,58,50,000**		

** First-loss 40% in case of Fire or Burglary/ Housebreaking, as the case may be*

.Note: Insurance policies which are expiring in the near future will be renewed as and when such policies expire.

CAR / VEHICLE INSURANCE

(Amount in ₹)

Sr. No.	Policy No.	Insurer	Policy Type	Vehicle (No. / Model) Insured	Valid upto	Sum Insured	Premium + Taxes
1.	3385/00330852/000/01	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	Toyota, Fortuner 3.0L, 4WD MT AP-09-CD-0006	13.10.2013	15,96,079	81,403
2.	3385/00366990/000/03	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	KA-42-Z-0006 Toyota Innova VX 7 STR, Saloon	04.06.2013	7,00,003	43,743
3.	3385/00331130/000/00	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	Honda City 1.5 SMT, Sedan AP-07-BB-0006	10.02.2013	7,49,844	27,274
4.	3385/00331128/000/00	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	Volkswagon Vento AP-16-BW-0006	30.01.2013	7,48,705	32,716
5.	3379/00309367/000/04	Chola MS	Package – Goods Carrying Vehicle	KA-05-AB-7352 TATA MOTORS ACE BASE, Truck	29.11.2013	1,54,479	12,889

Sr. No.	Policy No.	Insurer	Policy Type	Vehicle (No. / Model) Insured	Valid upto	Sum Insured	Premium + Taxes
6.	3385/00302857/000/03	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	KA-51-Z-6 MARUTI SWIFT VDI, Saloon	29.11.2013	3,10,240	19,723
7.	3385/00328922/000/01	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	AP-09-BZ-0006 INNOVA VX	02.06.2013	9,86,506	57,943
8.	111/91042950	Iffco-Tokio General Insurance Co. Ltd.	Private Vehicle Package Policy	INNOVA 2.5 V (E3)7S Variant VX - 2494	02.02.2013	12,42,792	49,384
9.	3385/00331227/000/00	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with add-on covers	AP-07-BE-0006 INNOVA AD 2.5V	03.06.2013	10,15,497	60,976
10.	3361/0010690/000/01	Chola MS	Package – Two Wheeler Policy	Bajaj Platina AP 09 BS 3560	09.10.2013	17,000	430
11.	3361/00056791/000/01	Chola MS	Package – Two Wheeler Policy	Bajaj CT 100 AP-28-AM-4703	09.10.2013	9,000	430
					Total	**75,30,145**	

Wind Power Plant Insurance (Amount in₹)

Sr. No.	Policy No.	Insurer	Policy Type	Goods Insured	Valid upto	Sum Insured	Premium + Taxes
1.	421010/11/13/000195	Shriram General Insurance	Standard Fire And Special Perils Policy	Plant and Machinery [8 windmills of capacity of 250 KW each]	17.08.2013	8,00,00,000	76,405
2.	421010/44/13/000047	Shriram General Insurance	Machinery Breakdown Insurance Policy	Plant and Machinery [8 windmills of capacity of 250 KW each]	17.08.2013	8,00,00,000	3,59,555
					Total	**16,00,00,000**	

INTELLECTUAL PROPERTY

Presently, our Company does not have a registered trademark of its own. Since our Company's products (mostly sarees) differ in quality, colour, designs, patterns, etc. from other competing products in the market, our Company requires a brand to market its products. Our Company has been marketing its products under the brand names "KALAMANDIR", "MANDIR" & "VARAMAHALAKSHMI". The trade mark "KALAMANDIR" (No. 1384933) under Class 24 is registered in the name of one of the Company's Promoters, Mrs. Chalavadi Jhansi Rani ("Mrs. Jhansi Durga Prasad")., Our Company [erstwhile M/s. Sai Silks (partnership firm)] had entered into a Licence cum User Agreement on 01.10.2005 with Mrs. Jhansi Durga Prasad for using this trademark for a period of 10 years. However, the said Licence cum User Agreement was not registered with the concerned trademark authorities. After conversion of the partnership firm M/s. Sai Silks into a private limited company Sai Silks (Kalamandir) Private Ltd. and further into a public limited company in May 2009, the parties decided to enter into a fresh licence cum registered user agreement on the conditions inter alia that our Company shall use, advertise and maintain the said trade mark, for Company's business promotion and trading for a period of five years on payment of annual royalty of ₹1,00,000/- per retail outlet subject to maximum of ₹ 49,00,000/- per annum. Since the proposed arrangement with our Promoter is a related party transaction, our Company required prior approval of the Central Government. Our Company has since obtained approval from the Central Government vide the authority's Letter No. 10/297/AP/04/2011 dated August 1, 2011 for entering into a License cum User Agreement with the Promoter. Subsequently, our Company entered into a fresh Licence cum Registered User Agreement with the Promoter for a period of five years w.e.f. August 1, 2011 till July 31, 2016. Pursuant to the aforesaid License cum User Agreement, our Company has filed an application on 17.08.2012 with the Trade Mark Registry for using the said trade mark as a Registered User. In the event our

Company is unable to get itself registered as the Registered User of the said trade mark or the Registered User License Agreement is terminated or not renewed, our Company may not be able to use the said trade mark as its Registered User.

In addition to the above, our Company has made in aggregate 16 applications to the Trade Marks Registry, Chennai to get its trademarks "ONLY SILK", "FASHION", "MANDIR", "KALAMANDIR" and "VARAMAHALAKSHMI" registered under the Trade Marks Act under different Classes. However, until its name is entered on the trademark register, our Company cannot prohibit the use of such trademark by third parties by means of statutory protection. In the event of its trademark being subjected to any challenge or there being a delay in registration in future, our Company's business and results of operations may be affected adversely.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

Our Company, in its business of retail and establishing retail outlets in India, is governed by various legislations as applicable to it, its stores and the goods/products it sells or stores for sale.

Some of the key regulations applicable to the Company are summarised hereunder:

Employment & Labour Related Laws

India has stringent labour legislation protecting the interests of employees. There is a clear distinction between (i) employees who are 'workmen' (as defined under various enactments including the Industrial Disputes Act, 1947 (the "IDA") and (ii) employees who are not 'workmen'. Workmen have been provided several benefits and are protected under various labour laws, whilst those persons who have not been classified as workmen are generally not afforded statutory benefits or protection, except in relation to bonus, provident fund and gratuity. Employees are usually subject to the terms of their employment contracts with their employer, which are regulated by the provisions of the Indian Contract Act, 1872.

The employment of workers is regulated by a wide variety of generally applicable labour laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Factories must obtain a factories licence under the Factories Act, 1948.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the **EPFMP Act**")

The EPFMP Act is applicable to the establishment employing more that 20 employees and as notified by the government from time to time. All the establishments under the EPFMP Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPFMP Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund.

Employees' State Insurance Act, 1948 (the **"ESI Act")**

All the establishments to which the ESI Act applies are required to be registered under the ESI Act with the Employees State Insurance Corporation. This Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (the **"Gratuity Act**") establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions. Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹ 1 million.

Industrial Disputes Act, 1947 and Industrial Dispute (Central) Rules, 1957

Industrial Dispute Act, 1947 ("the ID Act") provides for the investigation and settlement of industrial disputes. It also contains various provisions to prohibit strikes and lock-outs, declaration of strikes and lockouts as illegal and provisions relating to lay-off and retrenchment and closure, conciliation and adjudication of industrial disputes by; Conciliation Officers, a Board of Conciliation, Courts of Inquiry, Labour Courts, Industrial Tribunals and a National Industrial Tribunal.

Payment of Wages Act, 1936

Payment of Wages Act, 1936 contains provisions as to the minimum wages that are to be fixed by the appropriate Governments for the employees, fixation and revision for the minimum wages of the employees, entitlement of bonus to the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time frame and without any unauthorized deductions.

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons employed in scheduled or non scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government. Such employer is also required to maintain registers and exhibits giving the particulars of wages paid to employees.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment covered under this Act to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

Child Labour Prohibition and Regulation Act 1986

The Act prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Under this Act the employment of child labour in the building and construction industry is prohibited.

Shops and Establishment Act

The respective State Governments have the power to make laws on the subject matter. In exercise of these powers, various State Governments have enacted the shops and establishments act which is applicable to the shops and commercial establishments within the respective states as may be specified by the Government. Each state has its own legislation on shops and establishments which lay down inter alia, guidelines for regulating the hours of work, payment of wages, leave holidays, terms of service, overtime and other conditions of work of persons employed in shops, commercial establishments etc. and to discourage the malpractices by employers towards their employees. The Andhra Pradesh Shops and Establishments Act, 1988 and the Karnataka Shops and Commercial Establishments Act, 1961 govern the Company as the Company has its registered office in the state of Andhra Pradesh and operates retail showrooms in both the states of Andhra Pradesh as well as Karnataka.

Tax Related Legislations

Value Added Tax ("VAT")

The levy of Sales Tax within the state is governed by the Value Added Tax Act and Rules 2008 ("the VAT Act") of the respective states. The VAT Act has addressed the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its “Residential Status” and “Type of Income” involved. U/s 139(1) every Company is required to file its Income tax return for every Previous Year by 31st October of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

Intellectual Property Rights

Trademarks

Trademarks have been defined by Trade Related Intellectual Property (TRIPs) as any sign, or any combination of signs capable of distinguishing the goods or services of one undertaking from those of other undertakings. Such distinguishing marks constitute subject matter under TRIPs. TRIPs provide that initial registration and each renewal of registration shall be for a term of not less than ten years and the registration shall be renewable indefinitely. Compulsory licensing of trademarks is not permitted. In light of the changes in trade and commercial practices, globalisation of trade, the need for simplification and harmonisation of trademark registration systems etc., the Indian Parliament undertook a comprehensive review of the Trade and Merchandise Marks Act, 1958 and replaced the same with the a new legislation viz The Trade Marks Act, 1999. This Act makes trademarks law compatible with TRIPs and also harmonises it with international systems and practices

Wind Power-Introduction

The wind power programme in India was initiated towards the end of the Sixth Plan in 1983-84. India is perhaps the only country in the world to have an exclusive Ministry for Non-Conventional Energy Sources (“**MNES**”). In 1980, CASE (Commission on Alternative Sources of Energy) was set up to look into feasibility of tapping into sources of renewable energy. In 1982, a separate Department of Non-Conventional Energy Sources (“**DNES**”) was created under the aegis of Ministry of Energy for promoting activities relating to development, trial and induction of variety of renewable energy technologies for use in different sectors. In 1992, the MNES started functioning as a separate Ministry to develop all areas of renewable energy. Policy guidelines were issued by the MNES to all the states during the mid-Nineties with a view to promote commercial development and private investment in this sector. The guidelines pertain to areas such as provision of facilities for wheeling, banking, third party sale, and buy-back of electricity. Nine states have introduced renewable energy policies following the MNES’s Guidelines in the country.

MNES

The mandate of MNES includes research, development, commercialisation and deployment of renewable energy systems / devices for various applications in rural, urban, industrial and commercial sector. In order to ensure quality of wind farm projects and equipments, the MNES introduced the “Guidelines for wind power projects” (“**MNES Guidelines**”) in July 1995 for the benefit of SEBs, manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNES Guidelines are periodically updated and issued. The MNES Guidelines, *inter-alia*, make provision for proper planning, siting, selection of quality equipment, implementation and performance monitoring of wind power projects. The MNES Guidelines seek to create awareness in various stakeholders about planned development and implementation of wind power projects.

In the 1987, MNES established the “Indian Renewable Energy Development Agency Limited” (IREDA), a financial institution to complement the role of MNES and make available finance to renewable energy projects. IREDA functions under administrative control of MNES. IREDA is involved in extending financial assistance and related services to promote deployment of renewable energy systems in India. In addition, MNES has established various specialised technical institutions to carry out its mandate. In relation to the wind energy sector, the “Centre of Wind Energy Technology” (C-WET) at Chennai is the major specialised technical institution, *inter alia* looking into technology development, testing and certification. In addition, it has also been playing vital role in the wind resource assessment programme of the country, manufacture of wind turbine generators and setting up of wind farms. Companies are required to obtain all generic approvals for setting up a manufacturing facility in India like any other manufacturing facility in India. In addition, renewable energy generated product manufacturer are required to be registered with MNES as an approved manufacturer of WTG.

The MNES Guidelines set out the conditions that are required to be met for establishing wind farms and manufacturing and supplying equipment for wind power projects. These conditions include submission of detailed project reports, approval of sites for wind power installations, type certification by independent testing and certification agencies (either C-WET or International certification agency) to ensure quality of the WTGs manufactured. Further, it is also stipulated that the manufacturing facilities should obtain third party certification from DNV or Lloyds in relation to either product inspection or the ISO 9000 series of standards for internal quality control in manufacture (normally ISO 9001 or 9002) and for field installations. In addition, manufacturers and developers are also required to provide their technical capability and infrastructure. For testing and certification, C-WET has evolved a Type Approval Provisional Scheme 2000 (TAPS - 2000) for India, which is in line with International Certification Schemes for wind turbines. In May 1999, MNES removed the requirement of certification by foreign agency and allowed the manufacturers to offer WTG on self-certification basis. Under the self-certification scheme, the manufacturer is required to certify on its own about the quality and performance of WTG supplied by it. This self-certification scheme has been extended from time to time and the current scheme is effective till September 2005.

Wind power generation

Under the Electricity Act 2003, which repealed all the earlier enactment pertaining to this sector, the activity of generation of the power does not require any license or permission. Persons engaged in the generation of electricity from wind power are required to register the project being undertaken with State Nodal Agency and obtain permission for inter-grid connectivity from the utility. The electricity generated from the wind power project can be used for captive consumption, sale to utility or for transaction under open access as per the prevailing state policy as well as regulatory orders, if any. Various states have announced administrative policies relating to wheeling, banking and buy-back of power.

Further, the Electricity Act, 2003 also mandates that all regulatory commissions should procure certain percentage of power generation from renewable energy sources by all distribution companies. As far as the tariff and wheeling charges are concerned, it is stipulated that they should be decided by respective regulatory commissions as provided under the Electricity Regulatory Commissions Act, 1998.

Other Regulations

In addition to the above, the Company is required to comply with the provisions of the Companies Act, various tax related legislations imposed by the centre or the state and other applicable statutes for its day-to-day operations.

HISTORY AND CORPORATE STRUCTURE

History and Major Events

Our business was started as a Partnership Firm under the name and style of "Sai Silks" on August 10, 2005 with Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani as Partners. Further, on April 1, 2006, Mr. A Kalyan Srinivas and Mr. A. Subash Chandra Mohan were admitted as partners. Later, on March 4, 2008, another three new partners, Ms. Annam Suchitra, Ms. Annam Sowjanya and Mr. Annam Venkata Rajesh were admitted into partnership and also the name of the Partnership firm was changed to "Sai Silks (Kalamandir)".

Our Partnership Firm was converted into a Private Limited Company under Part IX of the Companies Act, 1956. The Certificate of Incorporation was obtained on July 3, 2008 under the name and style of Sai Silks (Kalamandir) Private Limited from the Registrar of Companies, Andhra Pradesh.

Our Private Limited Company was subsequently converted into a Public Limited Company and the fresh certificate of incorporation consequent upon change of name on conversion to public limited company was obtained on May 21, 2009 from the Registrar of Companies, Andhra Pradesh and the name of our company was changed to its present name, Sai Silks (Kalamandir) Limited.

We are mainly in the business of retailing of sarees under the brand name of "KALAMANDIR ", "MANDIR "& "VARAMAHALAKSHMI ".
We started as a retailer of sarees in Hyderabad in August 2005 on a very modest scale with a Retail Outlet of 3,213 square feet. We rented a retail space in Ameerpet in Hyderabad and sold traditional sarees like Silk Sarees, Handloom Sarees, Synthetic Sarees, etc. As on the date, we operate 15 retail outlets and these outlets are cumulatively spread over in 129,035 square feet.

Our company is presently engaged in offering of the following products to all the segments:
- Sarees
- Women's dress materials and readymades
- Men's wear
- Kid's wear
- Gold Jewellery

Our retail outlets cater to the entire range of sarees in the price range of ₹ 300 to ₹3,50,000.With evolution of retail industry in India and change in consumer aspirations, we diversified our portfolio of offerings to include other retail goods like Women dress materials & readymades, Kids wear and Men's wear. Currently, we sell different varieties of sarees for different occasions and ready-made apparels for women, men and kids in our retail outlets. In order to expand our products range, we also undertook display and sale of gold and silver ornaments in our outlets under franchise and shop in shop model. Accordingly, a franchisee arrangement was entered on April 1, 2008 with Tanmai Jewellers Private Limited for retail outlets at Hyderabad. Our Company had also entered into shop in shop arrangement with Sai Swarnamandir Jewellers Private Limited on April 1, 2009 for a period of 9 years for display and sale of their gold and silver jewellery in our retail outlets located at Jayanagar, Marathahalli and Malleshwaram, Bengaluru.. Presently, we are displaying and selling their gold and silver jewellery in our retail outlets located at Jayanagar and Malleshwaram, Bengaluru only.

Wind Farm Power Activity

Our Company has forayed into the business of generation of electricity through non-conventional energy sources by setting up a Wind Power Project having a capacity of 2 MW at Kondamedapally, Kurnool District, Andhra Pradesh at a project cost of ₹ 1120 lakhs.

Our Board of Directors in their meeting held on August 5, 2010 resolved in-principle to enter into the business of generation of electricity and passed enabling resolution in this regard. Our promoters have their core competence in the retail business where they have an established track record of accomplishment of more than 7 years. In order to diversify the existing business, our Company entered into the business of power generation through non-conventional energy sources. It was also decided to obtain the basic approvals from the concerned authorities and departments before approaching the members of our Company for their consent.

Since the proposed line of business was relatively new to our Company as well as to its promoters, it was decided to avail the guidance and services of a reputed EPC Contractor in the field of power particularly renewable energy. In this regard, our Company engaged Shriram EPC Ltd., Chennai, as EPC Contractor, to set up the business on our behalf on a turnkey basis. It was proposed to set up a 2 MW Wind Farm Project on turnkey basis at Kondamedapally, Kurnool district, Andhra Pradesh. In this context, our Company placed purchase / work orders with Shriram EPC Ltd on August 11, 2010 in terms of which Shriram EPC Ltd. was *inter alia* required to supply 8 WEGs of 250 KW each, DP Structure and Internal Lines, undertake Erection, Commissioning and Testing of WEGs and carry out civil work, electrical work and infrastructure for the site and liasioning with all governmental agencies for obtaining the approvals to complete the project.

Shriram EPC Ltd. had in December 2009 obtained allotment of Wind Farm Power project to be set up at Kondamedapally, Kurnool District, Andhra Pradesh from Non-Conventional Energy Development Corporation of Andhra Pradesh Limited (NEDCAP), Nodal Agency of Andhra Pradesh Government with a permissible limit to develop upto 4 MW capacity wind power project.

In August 2010, our Company approached NEDCAP for transfer of 2 MW load out of the aforesaid 4 MW Wind Farm Power Project sanctioned to Shriram EPC Ltd.

NEDCAP has accorded its permission for the said transfers in favour of our Company vide its letter no. NEDCAP/WE/4694/2010 dated August 16, 2010. Consequently our Company entered into an agreement with NEDCAP on August 17, 2010 for setting up the said Wind Power Project at Kondamedapally, Kurnool District, Andhra Pradesh and entered into a Power Purchase Agreement on March 31, 2011 ("PPA") with Central Power Distribution Company Limited of Andhra Pradesh (DISCOM).

In order to make financial arrangements for the said Wind Power project, our Company approached State Bank of India, which sanctioned a term loan of ₹ 7.84 Crores, vide its letter dated September 2, 2010.

Since, the proposed line of activity, i.e., wind power generation was not germane to the existing line of business, our company resolved to make suitable amendments to the Memorandum of Association and commence the business. In this regard, an Extraordinary General Meeting of the Members was convened and duly held on February 17, 2011, for amending the Memorandum of Association and enabling our Company to commence and carry on the business of generation of electricity and a special resolution approving the amendment was passed in the said EGM. The same was filed with the Registrar of Companies, Andhra Pradesh ('ROC') for giving effect to the alteration of the Object Clause. ROC has since confirmed the alteration of Object Clause vide certificate dated March 28, 2011 issued u/s 18 (1) of the Companies Act, 1956.

Shriram EPC Ltd. has completed the implementation of 2MW e Wind Power Project. 1 MW was commissioned on March 31, 2011 and remaining 1MW was commissioned on July 16, 2011 but the Commercial Operation Date has been considered as March 31, 2011 by the DISCOM as per Article 1, clause 1.4 of the PPA. The power generated is not meant for captive consumption and is sold to Andhra Pradesh Central Power Distribution Company Limited (APCPDCL) as per Power Purchase Agreement (PPA) dated March 31, 2011. As per the PPA, out of the 2 MW capacity, 0.01 MW is permitted for auxiliary consumption and 1.99 MW for export to network for sale to DISCOM at the rate of ₹ 3.50 per unit for a period of 10 years from the commercial operation date. The tariff payable beyond 10th year of operation will be as determined by Andhra Pradesh Electricity Regulatory Commission (APERC). The revenue generated from wind power generation for the period ended October 31, 2012 is ₹ 47.57 Lakhs.

Registered Office

Our Registered Office is situated at 6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad – 500 016, Andhra Pradesh. Since incorporation, there has been no change in the Registered Office of our Company.

Major Events of our Company

Year	Event
2005	Started as a Partnership Firm on August 10, 2005 under the name and style of "Sai Silks" with Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani as partners
	Started the First Retail Outlet in Ameerpet, Hyderabad
	Entered into user agreement for the brand name " Kalamandir" with Mrs. Chalavadi Jhansi Rani
2006	Mr. A Kalyan Srinivas and Mr. A. Subash Chandra Mohan were admitted as partners
	Started the Second Retail Outlet in Dilsukhnagar, Hyderabad

2007	Started the Third Retail Outlet in Kukatpally, Hyderabad
	Additonal three more partners, Ms. Annam Suchitra, Ms. Annam Sowjanya and Mr. Annam Venkata Rajesh were admitted to partnership
2008	Converted the existing Partnership Firm into a Private Limited Company on July 3, 2008 under Part IX of the Companies Act, 1956 under the name and style of Sai Silks (Kalamandir) Private Limited
	Started the Fourth Retail Outlet in Jaya Nagar, Bengaluru
	Started the Fifth Retail Outlet in Malleswaram, Bengaluru
	Started the Sixth Retail Outlet in Guntur
	Started the Seventh Retail Outlet in Marathahalli, Bengaluru
	Started the Eighth Retail Outlet in M.G. Road, Bengaluru
2009	Our Private Limited Company was converted into a Public Limited Company and received fresh Certificate of Incorporation upon change of name on conversion to public limited company on May 21, 2009
	Started the Ninth Retail Outlet in Chickpet, Bengaluru
2010	Started the Tenth Retail Outlet in Patny, Secunderabad
	Started the Eleventh Retail Outlet in Vijayawada
2011	Started the Twelfth Retail Outlet in Banjara Hills, Hyderabad
	Started the Thirteenth Retail Outlet in Chickpet, Bengaluru
2012	Started the Fourteenth Retail Outlet in Kanchipuram, Tamilnadu
	Started the Fifteenth Retail Outlet in Hanumakonda, Warangal District, Andhra Pradesh

Awards & Recognitions

Year	Event
2012	Retailer of the year for Excellence in Traditional Fashion & Lifestyle Retailing by Asia Retail Congress
	Master Brand for Brand “KALAMANDIR” by CMO Council & CMO Asia

Main Objects of our Company

Main Objects as contained in our Memorandum of Association is as under:

1. To convert M/s. Sai Silks (Kalamandir), a partnership firm into M/s. Sai Silks (Kalamandir) Private Limited, which will continue the existing business and takeover as going concern with all assets and liabilities of M/s. Sai Silks (Kalamandir).

2. To carry on the business of importers and exporters, traders, wholesale and retail dealers of and in men’s, women’s and children’s clothing and wearing apparel and readymade, hosiery goods, garments of every kind, nature and description.

3. To carry on all or any of the business of dealers, traders, and manufacturers of all kinds of carpets, durries, mats, rugs, namdas, blankets, shawls, tweeds, linens, flannels and all other articles of woollen and worsted materials and of all articles similar to the foregoing or any of them or connected therewith.

4. To set up and carry on the business of manufacturing, refining, preparing, cleaving, sawing, acquiring, trading, importing, exporting, supplying, distributing and dealing in cut and uncut gems, precious, semi-precious stones, of gold, silver, platinum and all types of precious metals, boart, diamonds including industrial diamonds and pearls including cultured pearls and articles of all kinds of precious and semi precious stones and metals.

5. To commence, establish, set up, carry on, conduct, manage and administer the business of exporting, importing, act as commission agents and/or distributors and / or job work contractors and / or indenters, buying, selling, retailing, through the shops, malls or company’s own showrooms or by any methods of sale or display, exporting, acquiring, disposing off, supplying, distribution, ordering, classifying, trading and dealing in all types of textiles, garments, readymade, jewellery whether branded or not.

Other Objects for which our company is established:

To carry on the business of generating, producing, distributing, transmitting, electricity / power by way of acquiring, establishing, maintaining and running wind farm projects, for captive use or for merchant sale or for others whether in India or abroad.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date	Nature of Amendment
March 26, 2009	The initial authorised share capital of ₹10,00,00,000 divided into 1,00,00,000 Equity Shares was increased to ₹ 20,00,00,000 divided into 2,00,00,000 Equity Shares of ₹ 10 each
May 14, 2009	The status of our Company was changed to public limited company and the name of our company was changed to "Sai Silks (Kalamandir) Limited" upon conversion into public limited company
July 3, 2009	The authorised share capital of ₹ 20,00,00,000 divided into 2,00,00,000 Equity Shares was increased to ₹ 28,00,00,000 divided into 2,80,00,000 Equity Shares of ₹ 10 each
February 17, 2011	The authorised share capital of ₹ 28,00,00,000 divided into 2,80,00,000 Equity Shares was increased to ₹ 40,00,00,000 divided into 4,00,00,000 Equity Shares of ₹ 10 each
February 17, 2011	Inserting clause III (C)(11) after existing clause III (C)(10) under the head Other Objects.

Subsidiaries of our Company

Our Company does not have any subsidiary as on date of filing of the Red Herring Prospectus.

Shareholders Agreements

Our Company does not have any Shareholders' Agreement existing as on date of filing this Red Herring Prospectus.

Strategic/ financial Partners

Our Company does not have any financial / Strategic partners as on date of the Red Herring Prospectus.

Material / Other Agreements

Our Company does not have any Material / Other Agreements existing as on date of the Red Herring Prospectus.

OUR MANAGEMENT

BOARD OF DIRECTORS

As per the Articles of Association of our Company, we are required to have not less than 3 Directors and not more than 12 Directors. We currently have **7** Directors on our Board.

The following table sets forth details regarding our Board as on the date of this Red Herring Prospectus:

Name, Father's Name, Address, Occupation and Term, and DIN	Qualification	Age	Designation and Status	Other Directorships
Mr. Chalavadi Naga Kanaka Durga Prasad **S/o:** Chalavadi Krishnamurthy **Address:** Flat No. 6, Survey No. 87 & 90, Aparna Senor Valley, Shaikpet Village, Shaikpet, Hyderabad – 500 034 Andhra Pradesh. **Date of appointment as Director:** July 3, 2008 **Date of appointment as Chairman & Managing Director:** June 1, 2009 **Term as Managing Director:** Upto May 31, 2015 **Occupation:** Business **DIN:** 01929166	B.Com, MBA	44	Chairman & Managing Director Executive and Non-Independent	➢ Sai Swarnamandir Jewellers (P) Ltd. ➢ Media 6 (INDIA) Private Limited ➢ Varamahalakshmi Holdings Private Limited
Mr. Chalavadi D K Durga Rao **S/o:** Chalavadi Krishnamurthy **Address:** H 801 Springfields Apartments Opp HDFC Bank Bellandur Gate, Sarjapur Road, Bengaluru – 560 102 **Date of appointment as Additional Director:** June 1, 2009 **Date of appointment as Director:** July 3, 2009 **Term as Whole time Director:** Upto May 31, 2015 **Occupation:** Business **DIN:** 02689280	B.Com, MCA	42	Whole-Time Director Executive and Non-Independent	➢ Media 6 (INDIA) Private Limited
Mr. Annam Kalyan Srinivas **S/o:** Annam Chandrasekhar **Address:** 1-11-220, Flat No.201, Chakkilam Residency, Road No.4, Gurumurthy Lane, Begumpet, Hyderabad – 500 016 **Date of appointment as Director:** April 1, 2009 **Date of appointment as Whole time Director:** June 1, 2009 **Term as Whole time Director:** Up to May 31, 2015 **Occupation:** Business **DIN:** 02428313	B.Com, LLB PGDBM;	38	Whole time Director Executive and Non-Independent	➢ Media 6 (INDIA) Private Limited
Mr. Naveen Nandigam **S/o:** Lakshmi Narasimharao Nandigam	B.Com (Hons), FCA	50	Director Independent & Non-Executive	➢ Avantel Limited

Name, Father's Name, Address, Occupation and Term, and DIN	Qualification	Age	Designation and Status	Other Directorships
Address: H No. 1-3-183/40/21/E, Plot No. 9, P and T colony, Kavadiguda, Gandhi Nagar. Hyderabad - 500080 **Date of appointment as Additional Director:** April 1, 2011 **Date of appointment as Director:** September 30, 2011 **Term:** Liable to retire by rotation **Occupation:** Profession **DIN:** 02726620				
Mr. Jineshwar Kumar Sankhala **S/o:** Goutam Chand Sankhala **Address:** Flat No-306, Chandra Apartments, SBI Colony, Gandhi Nagar, Hyderabad - 500080 **Date of appointment:** April 1, 2011 **Term:** Liable to retire by rotation **Occupation:** Service **DIN:** 03519040	B. Com, ACS	30	Alternate Director (to Laxmi Nivas Jaju) Independent & Non-Executive	NIL
Ms. Anita Sakuru **D/o:** Subash Babu Anne **Address:** Plot No. B-35, Road No. 7, and 10, Film Nagar, Jubilee Hills, Hyderabad -500033. **Date of appointment as Additional Director:** June 1, 2009 **Date of appointment as Director:** July 3, 2009 **Term:** Liable to retire by rotation **Occupation:** Business **DIN:** 00475947	MBA , M.Sc. (Maths)	42	Director Independent & Non-Executive	➢ Kenexa Technologies Private Limited ➢ Bhrugu Realtors Private Limited ➢ Vanalaxmi Agro Farms Private Limited ➢ Green Mangoes Cinema Private Limited ➢ Ekam Mobile Technologies Private Limited.
Mr. Laxminivas Jaju **S/o:** Govind Ram Jaju **Address:** 20-2-12, Old Kabutar Khana, Hussaini Alam, Hyderabad – 500 064 **Date of appointment as Additional Director:** June 1, 2009 **Date of appointment as Director:** July 3, 2009 **Term:** Liable to retire by rotation **Occupation:** Business **DIN:** 02697745	BE (Mechanical)	60	Director Independent & Non-Executive	NIL

Notes:

None of the above mentioned Directors is on the RBI list of wilful defaulters as on the date of filing this RHP.

None of our Directors hold or has held any directorship(s) in any listed company which have been / were delisted from any of the Stock Exchanges.

Further, neither our company nor our Promoters, persons forming part of our promoter Group, Directors or persons in control of our company are debarred from accessing the capital market by SEBI.

None of the Promoters, Directors or persons in control of our Company has been involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any Order or Directions issued by SEBI.

Except Mr. Chalavadi D K Durga Rao who is a resident of the United States of America, all other Directors of our Company are Indian nationals. There is no arrangement or understanding with major shareholders except Mr. Chalavadi Naga Kanaka Durga Prasad, Mr. Chalavadi D K Durga Rao and Mr. Annam Kalyan Srinivas. Further, also there is no arrangement with any customers, supplier or others, pursuant, to which any of the above mentioned Directors were appointed as a director or member of the senior management.

There is no service contract entered into by the Directors with the issuer company providing for benefits upon termination of employment.

BRIEF BIOGRAPHIES OF OUR DIRECTORS

Mr. Chalavadi Naga Kanaka Durga Prasad is one of the Promoters of our Company. He is also our Chairman & Managing Director. He is graduated in Commerce from Nagarjuna University in Andhra Pradesh and has done his Masters in Business Administration from Institute of Management Education, Pune. He also possesses Post Graduate Diploma in Computer Applications. He has experience of more than 7 years in the retail business. Over a period of time, he has gained in-depth knowledge and experience in retail business marketing. He handles overall management, finance, internal controls, security systems as well as marketing related activities such as Branding & Strategies of our company. He is entrusted with taking strategic decisions of our Company. This has led to the successful expansion of our retail outlets in the last 7 years.

Mr. Chalavadi D K Durga Rao is the Whole time Director of our Company. He graduated in Commerce from Nagarjuna University, Andhra Pradesh and holds the degree in Master of Computing from Griffith University (Australia). He is having experience of more than 10 years as a software developer and he worked as a systems analyst and database administrator at Fidelity National Finance, USA. He is in-charge of branches of our company at Bengaluru. He looks after procurement, Marketing, Research Division and Sales. He has played key role in expansion of retail business of our Company in Bengaluru.

Mr. Annam Kalyan Srinivas is also the Whole-Time Director of our Company. He graduated in Commerce from Nagarjuna University in Andhra Pradesh and has done his Post Graduate Diploma in Business Administration from Institute of Marketing and Management, New Delhi. He is also a Law Graduate and having experience of more than 5 years in the retail business. He is associated with us since the incorporation of our Company. He is entrusted with the administration of Bengaluru operations of our Company. He has also played key role in expansion of retail business of our Company in Bengaluru.

Mr. Naveen Nandigam is our Non Executive Independent Director. He graduated in Commerce from Osmania University. He is a fellow member of Institute of Chartered Accountants of India (ICAI) and has been in practice since 1990. Additionally, he has an experience of over 17 years as a faculty for professional courses.

Mr. Jineshwar Kumar Sankhala is our Non Executive Independent Director. He is an alternate director to Mr. Laxminivas Jaju. He did Bachelor of commerce from Behrampur University, Orissa. He is an Associate member of Institute of Company Secretaries of India. He has 3 years of experience as business entrepreneur and more than 5 years of experience as Corporate Professional.

Ms. Anita Sakuru is our Non Executive Independent Director. She has done her Masters in Business Administration from Kellogg School Management, Chicago, USA and post graduate in Mathematics from the Birla Institute of Technology Sciences (BITS), Pilani. She has over 10 years experience in Information Technology Sector. She is the director in Kenexa Technologies Private Limited, Bhrugu Realtors Private Limited, , Vanalaxmi Agro Farms Private Limited, Green Managoes Cinema Private Limited, Ekam Mobile Technologies Private Limited.

Mr. Laxminivas Jaju is our Non Executive Independent Director. He is a Bachelor of Engineering (Mechanical) from Osmania University. He is a Technical & Financial Consultant of Helical Tubes & Ducts Private Limited, Hyderabad. He has over 30 years of experience in this field.

RELATIONSHIP BETWEEN DIRECTORS

Mr. Chalavadi Naga Kanaka Durga Prasad and Mr. Chalavadi D K Durga Rao are brothers and Mr. Annam Kalyan Srinivas is the brother in law of Mr. Chalavadi Naga Kanaka Durga Prasad. Save and except those mentioned, none of our Directors has any family relationships among themselves.

SHAREHOLDING OF OUR DIRECTORS IN OUR COMPANY

As per our Articles of Association, none of the Directors are required to hold any qualification Equity Shares in our Company. The Directors' Shareholding as on the date of the RHP is 96, 04,500 Equity Shares of ₹ 10 each and the details are as under:

Sr. No.	Name of the Director	Number of Shares held	% of Holding (Pre Issue)
1.	Mr. Chalavadi Naga Kanaka Durga Prasad	66,72,600	33.00 %
2.	Mr. Chalavadi D K Durga Rao	15, 16,500	7.50%
3.	Mr. Annam Kalyan Srinivas	14,15,400	7.00 %

INTERESTS OF DIRECTORS

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

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 and allotted/transferred to them or the companies, firms and trust, in which they are interested as directors, members, partners and /or trustees. All directors may be deemed to be interested in the contracts/agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorship or any partnership firm in which they are partners as may be declared in their respective declarations. In addition, please also refer to Related Party Transactions under the Section "Financial information of Our Company" and Section Titled "Our Promoters" on Page 164 and Page 154 of this Red Herring Prospectus respectively.

The Managing Director and the Whole Time Directors of our Company are interested to the extent of remuneration paid to them for services rendered as officers or employees of our Company. Further, the Directors are also interested to the extent of Equity Shares, if any, already held by them or the relatives and also to the extent of any dividend payable to them and other distribution in respect to the said Equity Shares.

Except as stated otherwise in the Red Herring Prospectus, Our Company has not entered into any Contracts, Agreements, Arrangements during the preceding two years from the date of Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect to Contracts, Agreements, Arrangements which are proposed to be entered into with them.

REMUNERATION OF OUR DIRECTORS

Remuneration paid during the last Financial Year

(Amount in ₹)

Name of Director	Remuneration	Sitting Fees	Other Fees	Total
Mr. Chalavadi Naga Kanaka Durga Prasad	36,00,000	--	--	36,00,000
Mr. Annam Kalyan Srinivas	12,00,000	--	--	12,00,000
Mr. Chalavadi D K Durga Rao	12,00,000	--	--	12,00,000
Mr. Anita Sakuru	--	70,000	--	70,000
Mr. Jineshwar Kumar Sankhala	-	80,000	-	80,000
Mr. Naveen Nandigam	-	90,000	-	90,000
Mr. Lodugu Balaram Reddy*	-	40,000	-	40,000

* Resigned w.e.f September 22, 2011

TERMS AND CONDITIONS OF APPOINTMENT OF EXECUTIVE DIRECTORS

Mr. Chalavadi Naga Kanaka Durga Prasad, Chairman & Managing Director

Mr. Chalavadi Naga Kanaka Durga Prasad was reappointed as the Chairman & Managing Director of the Company pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of Companies Act, 1956 for a period of 3 years with effect from June 1, 2012 at a monthly remuneration of ₹ 4, 00,000/- as approved by the Remuneration Committee, **(**which shall be inclusive of all the allowances, perquisites and benefits except Premia payable under **"**Group Mediclaim Tailormade Policy" and "Group and Personal Accident Policy" not exceeding ₹ 50000 each per annum)**.** In the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Mr. Chalavadi Naga Kanaka Durga Prasad, pursuant to Schedule XIII of the Companies Act, 1956.

Mr. Chalavadi D K Durga Rao, Whole time Director

Mr. Chalavadi D K Durga Rao was reappointed as the Whole-Time Director of the Company pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of Companies Act, 1956 for a period of 3 years with effect from June 1, 2012 at a monthly remuneration of ₹ 2, 25,000/- as approved by the Remuneration Committee,,**(**which shall be inclusive of all the allowances, perquisites and benefits except Premia payable under "Group Mediclaim Tailormade Policy" / "Group and Personal Accident Policy" not exceeding ₹ 50000 each per annum). In the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Mr.Chalavadi D. K. Durga Rao, pursuant to Schedule XIII of the Companies Act, 1956.

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Mr. Annam Kalyan Srinivas, Whole time Director

Mr. Annam Kalyan Srinivas was reappointed as the Whole-Time Director of the Company pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of Companies Act, 1956 for a period of 3 years with effect from June 1, 2012 at a monthly remuneration of ₹ 3,25,000/- as approved by the Remuneration Committee,.**(**which shall be inclusive of all the allowances, perquisites and benefits except Premia payable under "Group Mediclaim Tailormade Policy" / "Group and Personal Accident Policy" not exceeding ₹ 50000 each per annum). In the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Mr. Annam Kalyan Srinivas, pursuant to Schedule XIII of the Companies Act, 1956.

TERMS & CONDITIONS OF EMPLOYMENT OF NON-EXECUTIVE DIRECTORS

We have not entered into any formal arrangements with our Non-Executive Directors. Our Non- Executive Directors are liable to retire by rotations. There are no other payments made to them apart from the sitting fees for attending meetings of the Board or Committee and reimbursement of travelling and other incidental expenses, if any.

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

The changes in our Board of Directors in the last three years up to the date of filing this Red Herring Prospectus are as follows:

Name	Date of Appointment	Date of Cessation	Reasons for Appointment / Resignation
Mr. Nitin Siddamsetty		April 1, 2011	Pre-occupancy
Mr. Lodugu Balaram Reddy	April 1, 2011	-	Appointed as Additional Director
Mr. Naveen Nandigam	April 1, 2011	-	Appointed as Additional Director
Mr. Naveen Nandigam	September 30, 2011	-	Appointed as Director in AGM
Mr. Jineshwar Kumar Sankhala	April 1, 2011	-	Appointed as Alternate Director (to Laxmi Nivas Jaju)
Mr. Lodugu Balaram Reddy	-	September 22,2011	Pre-occupancy
Mr. Chalavadi Naga Kanaka Durga Prasad	June 1, 2012		Reappointed as Chairman & Managing Director
Mr. Chalavadi D K Durga Rao	June 1, 2012		Reappointed as Whole-Time Director
Mr. Annam Kalyan Srinivas	June 1, 2012		Reappointed as Whole-Time Director

BORROWING POWERS OF THE BOARD

Pursuant to a resolution passed by our shareholders in their meeting held on May 14, 2009 in accordance with the section 293(1)(d) and other applicable provision of the Companies Act, 1956, our Board is authorized to borrow, from time to time, as they may consider fit, any sum of money, on such terms and conditions as the Board may deem fit notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose so that the total amount of monies so borrowed at any time shall not exceed the sum of ₹ 1,50,00,00,000 (Rupees One Hundred and Fifty Crores only).

CORPORATE GOVERNANCE

The provisions of the Listing Agreement, to be entered into with BSE, with respect to corporate governance and the SEBI (ICDR) Regulations, 2009 will be applicable to our Company at the time of seeking in principle approval for listing of our Company's Equity Shares with the Stock Exchanges. Our Company has complied with Listing Agreement in respect of Corporate Governance specially with respect to broad basing of Board, constituting the Committees such as Shareholders/Investors Grievance Committee, Audit Committee and Remuneration Committee.

Composition of the Board of Directors

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. There are 7directors on our Board, of which4i.e. not less than 50% comprises of Non-Executive and Independent Directors in accordance with the requirement of clause 49 of the listing agreement of the Stock Exchanges.

Sr. No.	Name of the Director	Status
1.	Mr. Chalavadi Naga Kanaka Durga Prasad	Chairman & Managing Director
2.	Mr. Chalavadi D K Durga Rao	Whole-time and Executive Director
3.	Mr. Annam Kalyan Srinivas	Whole-time and Executive Director
4.	Mr. Laxmi Nivas Jaju	Independent and Non-Executive Director
5.	Mr. Jineshwar Sankhala (Alternate Director to Mr. Laxmi Nivas Jaju)	Independent and Non-Executive Director
6.	Mr. Naveen Nandigam	Independent and Non-Executive Director
7.	Ms. Anita Sakuru	Independent and Non-Executive Director

In accordance with Clause 49 of the Listing Agreement, our Company has constituted the following committees:

I. Audit Committee

Our audit committee was originally constituted on June 1, 2009 pursuant to the provisions of Section 292A of the Companies Act. The said committee was re-constituted by the Board of Directors in its meeting held on April 01, 2011. The committee was again re-constituted on September 22, 2011.
Presently, the committee consists of the following Directors:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Naveen Nandigam	Chairman	Independent
2.	Mr. Jineshwar Sankhala (Alternate Director to Mr. Laxmi Nivas Jaju)	Member	Independent
3.	Ms. Anita Sakuru	Member	Independent
4.	Mr. Chalavadi Naga Kanaka Prasad	Member	Non-Independent

Our Company Secretary, Mr. Soumith Kumar Sikinderpurkar is the secretary of the Audit Committee.

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The scope of Audit Committee shall include but shall not be restricted to the following:

1. Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditors.
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
   - Changes, if any, in accounting policies and practices and reasons for the same;
   - Major accounting entries involving estimates based on the exercise of judgment by management;
   - Significant adjustments made in the financial statements arising out of audit findings;
   - Compliance with listing and other legal requirements relating to the financial statements;
   - Disclosure of any related party transactions;
   - Qualifications in the draft audit report;
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. 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;
8. Monitoring the use of the proceeds of the proposed initial public offering of the Company.
9. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
10. 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;
11. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
12. Discussion with internal and statutory auditors on any significant findings and follow up there on;
13. 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;
14. Discussion 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;
15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
16. To review the functioning of the Whistle Blower mechanism, when the same is adopted by the Company and is existing;

17. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee;
18. The Audit Committee shall mandatorily review the following information:
    - Management discussion and analysis of financial condition and results of operations;
    - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - Internal audit reports relating to internal control weaknesses; and
    - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The Audit Committee shall enjoy following powers: -

- To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee,
- To investigate any activity within its terms of reference,
- To seek information from any employ,
- To obtain outside legal or other professional advice,
- To secure attendance of outsiders with reasonable expertise, if considered necessary.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be noted in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of our Company to provide clarifications on matters relating to the audit.

II. Shareholder/Investors Grievance Committee

Our Shareholders' / Investors' Grievance Committee was originally constituted on June 1, 2009. The said committee was re-constituted by the Board of Directors in its meeting held on April 01, 2011.

The terms of reference of the Shareholders' / Investors' Grievance Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. Presently, the committee consists of the following Directors:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Naveen Nandigam	Chairman	Independent
2.	Ms. Anita Sakuru	Member	Independent
3.	Mr. Chalavadi Naga Kanaka Durga Prasad	Member	Non-Independent

Our Company Secretary, Mr. Soumith Kumar Sikinderpurkar is the secretary of the Committee.

The scope of shareholders/ Investors Grievance Committee shall include but shall not be restricted to the followings:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, and transfer of Equity Shares and issue of duplicate/split/consolidated share certificates.
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Allotment and listing of shares in future;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances; and
7. Ensure proper and timely attendance and redressal of investor queries and grievances.
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
9. To review from time to time the secretarial department.
10. Investor relations and redressal of shareholders grievances in general and relating to non receipt of declared dividends, interest, non- receipt of balance sheet etc.;

11. Such other matters as may be from time to time required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

III. Remuneration Committee

Our Remuneration Committee was originally constituted on June 1, 2009. The said committee was re-constituted by the Board of Directors in its meeting held on April 01, 2011. The committee was again re-constituted on September 22, 2011.

The terms of reference of the Remuneration Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. Presently, the committee consists of the following Directors:

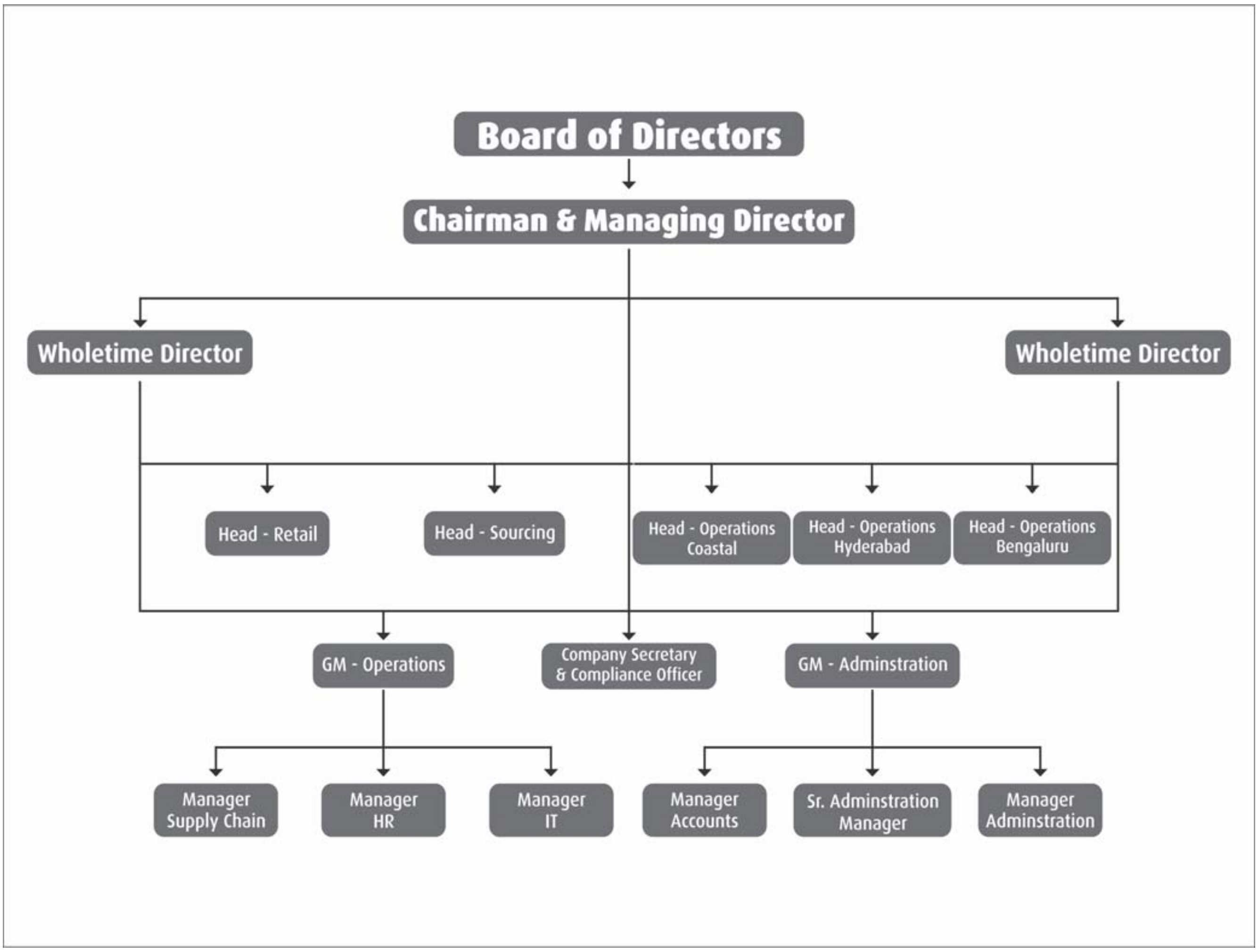
Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Ms. Anita Sakuru	Chairman	Independent
2.	Mr. Jineshwar Sankhala (Alternate Director to Mr. Laxmi Nivas Jaju)	Member	Independent
3.	Mr. Naveen Nandigam	Member	Independent

Our Company Secretary, Mr. Soumith Kumar Sikinderpurkar is the secretary of the Committee.

The scope of our Remuneration Committee shall include but shall not be restricted to the followings:

1. To decide and approve the terms and conditions for appointment of executive directors and/ or whole time Directors and Remuneration payable to other Directors and matters related thereto.
2. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
3. To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
4. To implement, supervise and administer any share or stock option scheme of the Company.

Organization Chart



KEY MANAGERIAL PERSONNEL

Our company is managed by Board of Directors, assisted by qualified and experienced professionals in the field of Retail, finance and marketing. The following key personnel assist the management.

Sr. No.	Name, Designation, Age	Qualification	Experience (Years)	Date of Joining	Compensation for FY 2011-12	Functional Responsibility	Previous Employment
1.	Mrs. Chalavadi Jhansi Rani Designation : **Head - Retail, Age:** 43 Years	B. Com.	7	August 10, 2005	₹ 6,00,000 p.a.	In charge of Marketing, Retail outlets in Hyderabad, Warehouse and Distribution of our Company	Entrepreneur & erstwhile Partner of Sai Silks (Kalamandir)
2.	Mr. Annam Subash Chandra Mohan **Designation:** Head - Sourcing **Age:** 37 Years	PGPBA, B. Com	6	April 1, 2006	₹ 8,25,000 p.a.	In charge of Sourcingactivity of our Company	Times Bank Ltd, Prathiba Advertising & Pearl Beverages Limited
3.	Mr. Annam Venkata Rajesh **Designation:** Head – Operations (Coastal) **Age:** 34 Years	B. Com	5	December 12, 2007	₹ 6,00,000 p.a.	In charge of Operations of of Coastal Andhra our company	3rd Eye Advertising Agency
4.	Mr. Oruganti Ramakrishna **Designation:** Manager – Accounts **Age:** 39 Years	B. A.	7	September 28, 2005	₹ 1,80,000 p.a.	In charge of Accounts of our Company	SK Silks Private Limited
5.	Mr. Ganeshan Vinod Kumar **Designation:** Manager (IT) **Age:**39 Years	PGDBA, B. com	5	October 12, 2007	₹ 4,80,000 p.a.	In charge of Information & Technology of our Company	B2B Software Technologies Limited
6.	Mr. M Sreenivasa Rao **Designation:** Manager (Administration) **Age:**45	B. Com	24	November 12, 2007	₹ 1,98,000 p.a.	In charge of Administration of our Company	Indian Air Force

	Years						
7.	Mr. D Srinivas Prasad **Designation:** Senior Admin. Manager **Age:**37 Years	B. Com, LLB	7	September 28, 2005	₹ 1, 21,200 p.a.	Liaisoning with Banks, statutory authorities	SK Silks Private Limited
8.	Mr. Soumith Kumar Sikinderpurkar **Designation:** Company Secretary & Compliance Officer **Age:**28 Years	B.Com, ACS	3	May 2, 2009	₹3,00,000 p.a.	In charge of Secretarial and Compliance	Avantel Ltd.
9.	Ms. D. L. Kalpana **Designation:** Manager (HR) **Age:**28 Years	B.Com	5	06 September ,2007	₹ 66,000 p.a.	In charge of HR activities of our Company.	N.A
10.	Mr.Chakradhar Boorlagadda **Designation:** General Manager – Operations **Age:**37 Years	M.P.B.A., B.Com	13	November 1, 2005	₹ 1,21,200 p.a.	Oversee business operations by sharing the responsibilities of Heads of Operations and also responsible for Sourcing activity in Kids and Men's wear	Enterprenuer, partner in M/s.Sumangal , Vijayawada,
11.	Mr. Sunil Tammana **Designation:** General Manager – Admin **Age:**41 Years	B.Com, LL.B.	21	February 08, 2010	₹ 4,80,000 p.a.	In-charge of legal matters, Oversee the implementation of internal ministration policies of our Company	Zentech Offshore Engineering Private Limited, Chennai.
12.	Mr. Chalavadi Mohana Durgarao **Designation:** Head, Operations – Hyderabad **Age:**43 Years	M.S.	15	June 01, 2012	-	In charge of all the business operations at Hyderabad	J.P.Morgan Chase, Ohio, USA.

13.	Mr.Srinivas Rao Bandaru **Designation:** Supply Chain Manager **Age:**27 years	B.Sc., M.B.A.,	04	February 11, 2011	₹ 1,08,000 p.a.	In-charge of warehouse operations and Supply-chain management	Coramandel International Limited.
14.	Mr. Boorlagadda Harish Kumar **Designation:** Head Operations, Bengaluru **Age:**32 years	Intermediate	10	November 17, 2005	₹ 3,00,000 p.a.	In charge of all the business operations at Bengaluru	Kamadhenu Silks

Notes:

- All the Key Managerial Personnel mentioned above are on the payrolls of our Company as a permanent employee.
- There is no arrangement or understanding with major shareholders except Mrs. Chalavadi Jhansi Rani, Mr. Annam Subash Chandra Mohan and Mr. Annam Venkata Rajesh. Further, also there is no arrangement with any customers, suppliers or any others pursuant to which any of the above mentioned key managerial personnel have been recruited.

RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL

Except as mentioned below, none of the Directors and Key Managerial Personnel are related to each other

- Mrs. Chalavadi Jhansi Rani is the wife of Mr. Chalavadi Naga Kanaka Durga Prasad, our Promoter, Chairman & Managing Director and sister of Mr. Annam Subash Chandra Mohan and Mr. Annam Venkata Rajesh.
- Mr. Annam Subash Chandra Mohan is the Brother in Law of Mr. Chalavadi Naga Kanaka Durga Prasad, our Promoter, Chairman & Managing Director and brother of Mrs. Chalavadi Jhansi Rani and Mr. Annam Venkata Rajesh.
- Mr. Annam Venkata Rajesh is the Brother in Law of Mr. Chalavadi Naga Kanaka Durga Prasad, our Promoter and Chairman & Managing Director and brother of Mrs. Chalavadi Jhansi Rani and Mr. Annam Subash Chandra Mohan.
- Mr. Chalavadi Mohana Durgarao is brother of Mr. Chalavadi Naga Kanaka Durga Prasad, our Promoter and Chairman & Managing Director.

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

Except as mentioned below, none of the Key Managerial Personnel hold any Equity Shares in our Company

Name of the KMP	No. of Shares	% of Holding (Pre Issue)
Mrs. Chalavadi Jhansi Rani	47,51,700	23.50
Mr. Annam Subash Chandra Mohan	4,04,400	2.00
Mr. Annam Venkata Rajesh	1,01,100	0.50

BONUS OR PROFIT SHARING PLAN OF THE KEY MANAGERIAL PERSONNEL

There is no fixed or certain bonus or profit sharing plan for the Key Managerial Personnel except the bonus paid under the payment of Bonus Act, 1972 to the Key Managerial Personnel's.

EMPLOYEES STOCK OPTION SCHEME

Our Company does not have any Employee Stock Option Scheme or other similar scheme giving options to our employees. Apart from salary and usual perquisites and the employee provident fund scheme, no other benefits have been offered to the officers of our company.

INTEREST OF KEY MANAGERIAL PERSONNEL

Mrs. Chalavadi Jhansi Rani, who holds 47,51,700 shares, Mr. Annam Subash Chandra Mohan, who holds 4,04,400 shares and Mr. Annam Venkata Rajesh, who holds 1,01,100 shares, in our Company, may be deemed to be interested in our Company to the extent of dividends or bonus, if any declared on these shares. Apart from that, 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 & reimbursement of expenses incurred by them during the ordinary course of business and to the extent of equity shares subscribed for and allotted to them out of the present issue.

PAYMENT OF BENEFITS TO OFFICERS OF OUR COMPANY

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, we have neither paid any amount/ given any benefit to any Officer of our Company in a period of two years before the date of the RHP, nor such amount / benefit intended to be paid or given to any officer as on the date of the RHP.

CHANGES IN THE KEY MANAGERIAL PERSONNEL

The changes in our Key Managerial Personnel in the last three years up to the date of filing this Red Herring Prospectus are as follows:

Name	Date Of Appointment	Date of Cessation	Reason
Ms. K. Vani	March 22, 2010	-	Appointment
Mr. Pedapudi Prasad		April 09, 2010	Cessation
Mr. Sunil Tammana	February 08, 2010	-	Appointment
Mr.Srinivas Rao Bandaru	February 11, 2011	-	Appointment
Ms. K. Vani	-	January 14, 2012	Cessation
Mrs. Annam Sowjanya	-	May 31, 2012	Cessation
Mr. Chalavadi Mohana Durgarao	June 01, 2012	-	Appointment

OUR PROMOTERS AND PROMOTER GROUP

Details of Promoters being an Individual

1. Mr. Chalavadi Naga Kanaka Durga Prasad

	**Designation**	Chairman & Managing Director
	Personal Address	Plot No. 6, Survey No. 87 & 90, Aparna Senor Valley, Shaikpet Village, Shaikpet, Hyderabad – 500 033, Andhra Pradesh.
	Qualification	B.Com, MBA
	Nationality	Indian
	PAN	AERPC9565R
	Passport Number	F7583321

Mr. Chalavadi Naga Kanaka Durga Prasad is one of the Promoters of our Company. He is also the Chairman & Managing Director of our company. He is Bachelor of Commerce from Nagarjuna University in Andhra Pradesh and has done his Masters in Business Administration from Institute of Management Education, Pune. He also possesses a degree in Post Graduate Diploma in Computer Applications. He has experience of more than 7 years in the retail business. Over a period of time, he has gained in-depth knowledge and experience in retail business marketing. He handles overall management, finance, internal controls, security systems as well as marketing related activities such as Branding & Strategies of our company. He is entrusted with taking strategic decisions of our Company. This has led to the successful expansion of our retail outlets in last 7 years.

2. Mrs. Chalavadi Jhansi Rani

	**Designation**	Head-Retail
	Personal Address	Plot No. 6, Survey No. 87 & 90, Aparna Senor Valley, Shaikpet Village, Shaikpet, Hyderabad – 500 033, Andhra Pradesh.
	Qualification	B.Com.
	Nationality	Indian
	PAN	AERPC9559B
	Passport Number	J5078648

Mrs. Chalavadi Jhansi Rani is one of the Promoters of our Company since its inception. She holds Bachelors degree in Commerce from Nagarjuna University, Andhra Pradesh. She is the Head of our Retail outlets. She was erstwhile partner in M/s Sai Silks (Kalamandir), a Partnership Firm from 2005 and was responsible for business operations including Retail, marketing & sales, administration and human resources.

Our Company undertakes that the details of the Permanent Account Number, Passport Number and Bank Account Numbers, of Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani have been submitted to the stock exchanges at the time of filing the Draft Red Herring Prospectus.

Interests of Promoters and Common Pursuits

Our Company is promoted by Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani. As on the date of filing of this Red Herring Prospectus, Mr. Chalavadi Naga Kanaka Durga Prasad holds 66,72,600 equity shares in our Company and Mrs. Chalavadi Jhansi Rani holds 47,51,700 equity shares in our Company. The aforementioned Promoters of our Company are interested to the extent of their shareholding in our Company and remuneration drawn from our company. Further, Mrs. Chalavadi Jhansi Rani is the wife of Mr. Chalavadi Naga Kanaka Durga Prasad.

The Promoters and Promoter Group companies confirm that they have no interest in any property acquired by our Company during the last two years from the date of filing this Red Herring Prospectus or any property proposed to be acquired by our Company.

Further, our Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them etc.

For the payments that are made by our Company to Promoters and certain Promoter Group entities, see the section "Related Party Transactions" beginning on page no 216 of this Red Herring Prospectus.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further, except as disclosed in this section, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Payment of Benefits to our Promoters

Except as stated in the section titled "Related Party Transactions" on page no 216 of this Red Herring Prospectus, there has been no payment of benefits to our Promoters.

Confirmations

Further, none of our Promoters has been declared as a wilful defaulter by the RBI and there are no violations of securities laws committed by our Promoters in the past or are pending against them. None of our Promoters, Promoter Group entities or persons in control of our Promoters or bodies corporate forming part of the Promoter Group has been (i) prohibited from accessing the capital markets 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.

OUR PROMOTER GROUP

In terms of SEBI (ICDR) Regulations, the following immediate relatives form part of our Promoter Group due to their relationship with our promoters, in terms of Regulation 2(1) (zb) of SEBI (ICDR)

Name of the Person	Relationship with the Promoter	No. of Equity Shares held in our Company	% of Shares held in our Company
Mr. Chalavadi Naga Kanaka Durga Prasad			
Mr. Chalavadi Krishna Murthy	Father	-	-
Mr. Chalavadi D K Durga Rao	Brother	15,16,500	7.50%
Mr. Chalavadi Mohana Durga Rao	Brother	-	-
Ms. Chalavadi Devamani	Daughter	22,24,200	11.00%
Mrs. Chalavadi Jhansi Rani			
Mrs. P. Dhanalakshmi	Mother	29,31,900	14.50%
Mr. Annam Kalyan Srinivas	Brother	14,15,400	7.00%
Mr. Annam Subash Chandra Mohan	Brother	4,04,400	2.00%
Mr. Annam Venkata Rajesh	Brother	1,01,100	0.50%
Ms. Annam Suchitra	Brother's wife	1,01,100	0.50%
Ms. Annam Sowjanya	Brother's wife	1,01,100	0.50%

PROMOTER GROUP ENTITIES

The following Entities have been promoted by the Promoters of our Company and are referred to in this Red Herring Prospectus as the "Group Companies".

Group Companies:
- Sai Swarnamandir Jewellers Pvt Ltd
- Media 6 (INDIA) Private Limited
- Varamahalakshmi Holdings Private Limited
- M/s. Sai Readymades (Partnership Firm)
- M/s. Sai Retail India (Partnership Firm)
- M/s K. Factory (Partnership Firm)
- Kalamandir Foundation (Trust)

GROUP ENTITIES

1. Sai Swarnamandir Jewellers Private Limited

Date of Incorporation	December 18, 2007.
CIN	U74999AP2007PTC056741
Registered Office	#6-3-790/8, Flat No.1, Bathina Apartments, Ameerpet, Hyderabad-500016, Andhra Pradesh.
Nature of Business	Our Company is engaged in trading of diamond jewellery in gold, platinum, silver or any other metal or substance. The company has sub-leased commercial space in Showrooms run by Sai Silks (Kalamandir) Ltd. at Jayanagar and Malleshwaram area in Bengaluru.

Board of Directors

Sr. No	Name	Designation
1	Mr. Chalavadi Naga Kanaka Durga Prasad	Director
2	Mr. Annam Subash Chandra Mohan	Director

Shareholding Pattern as on date

Sr. No.	Name of the Shareholders	No. of Shares Held	% Holding
1	Mr. Chalavadi Naga Kanaka Durga Prasad	37,58,347	70.48
2	Mr. Annam Subash Chandra Mohan	11,52,130	21.61
3	Mrs. Chalavadi Jhansi Rani	129,652	2.43
4	Mr. Annam Kalyan Srinivas	48,913	0.92
5	Mrs. Annam Suchitra	36,869	0.69
6	Mrs. Annam Sowjanya	58,434	1.10
7	Mr. Annam Venkata Rajesh	57,521	1.08
8	Mrs. Annam Bhavani	50,000	0.93
9	Mr. Chalavadi Durga Rao	40,434	0.76
	TOTAL	**53,32,300**	**100.00**

Brief Audited Financial Details:

(₹ In Lakhs)

Particulars	March 31, 2012	March 31, 2011	March 31, 2010
Equity Share Capital	495.00	495.00	495.00
Equity Share Application Money	87.93*	87.93	87.93
Reserves & Surplus	538.66	464.75	387.16
Miscellaneous Expenditure	(0.08)	(0.17)	(0.25)
Share Holders Funds / Net Worth	1033.58	959.58	881.91
Sales (Net)	9753.61	9877.88	9394.13
Other income	0.68	0.03	0.00

Total income	9754.29	9877.91	9394.13
Profit / Loss After Tax	73.91	77.59	59.65
EPS (FV ₹ 10)	1.49	1.57	1.21
NAV per share of FV ₹ 10/- each	20.88	19.39	17.82

*Out of share application money of ₹ 87.93 Lakhs as on March 31, 2012, ₹ 72.93 Lakhs is disclosed in Other Current Liabilities as per Revised Schedule VI in the Audited Financials

Other Details

(a) The company has not made any public issue or rights issue in the preceding three years to the date of filing of this Red Herring Prospectus.

(b) 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.

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

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

(e) No proceedings have been initiated for economic offences against the company.

2. Media 6 (INDIA) Private Limited

Date of Incorporation	June 21, 2010.
CIN	U22211AP2010PTC069036
Registered Office	Plot No C 53, First Floor, Road No. 1, Film Nagar, Jubilee Hills, Hyderabad -500033.
Nature of Business	The Company is engaged in business of media, advertisement, multimedia services, event management services, publication of periodicals, magazines, pamphlets, journals etc.

Board of Directors

Sr. No.	Name	Designation
1	Mr. Sreedhar Komala	Director
2	Mr. Chalavadi Naga Kanaka Durga Prasad	Director
3	Mr. Annam Kalyan Srinivas	Director
4	Mr. Annam Subash Chandra Mohan	Director
5	Mr. Annam Venkata Rajesh	Director
6	Mr. Chalavadi D K Durga Rao	Director

Shareholding Pattern

Sr. No.	Name of the Shareholders	No. of Shares Held	% Holding
1	Mr. Sreedhar Komala	4900	49.00
2	Mr. Chalavadi Naga Kanaka Durga Prasad	3442	34.42
3	Mr. Annam Kalyan Srinivas	765	7.65
4	Mr. Annam Subash Chandra Mohan	255	3.83
5	Mr. Annam Venkata Rajesh	255	2.55
6	Mr. Chalavadi D K Durga Rao	383	2.55
	TOTAL	**10000**	**100.00**

Brief Audited Financial Details:

(₹ In Lakhs)

Particulars	March 31, 2012	March 31, 2011
Equity Share Capital	1.00	1.00
Reserves & Surplus	4.12	0.75
Miscellaneous Expenditure	(0.47)	(0.59)
Share Holders Funds / Net Worth	4.65	1.16
Sales	65.44	52.27

Other income	0.56	0.16
Total income	66.00	52.43
Profit / Loss After Tax	3.37	0.75
EPS (FV ₹ 10)	33.70	7.50
NAV per share of FV ₹ 10/- each	46.50	11.60

Other Details

(a) The company has not made any public issue or rights issue in the preceding three years to the date of filing of this Red Herring Prospectus.

(b) 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.

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

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

(e) No proceedings have been initiated for economic offences against the company

3. Varamahalakshmi Holdings Private Limited

Date of Incorporation	November 20, 2012
CIN	U70200AP2012PTC084259
Registered Office	6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet Hyderabad- 500016, Andhra Pradesh
Nature of Business	The main business of the Company is to buy, sell, promote, maintain and to deal in land holdings, , properties, buildings ,etc.

Board of Directors

Sr.No.	Name	Designation
1	Chalavadi Naga Kanaka Durga Prasad	Director
2	Annam Subhash Chandra Mohan	Director

Shareholding Pattern:

Sr.No.	Name of the Shareholders	No. of Shares Held	% Holding
1.	Chalavadi Naga Kanaka Durga Prasad	6000	60.00
2.	Annam Subash Chandra Mohan	500	5.00
3.	Annam Kalyan Srinivas	1500	15.00
4.	Annam Venkata Rajesh	500	5.00
5.	Chalavadi Mohana Durgarao	750	7.50
6.	Chalavadi D K Durga Rao	750	7.50
	TOTAL	**10000**	**100.00**

Brief Audited Financial Details:

Since company has commenced operations on November 20, 2012, financial statements yet to be prepared.

Other Details

(a) The company has not made any public issue or rights issue till the date of filing of this Red Herring Prospectus.

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

(c) No proceedings have been initiated for economic offences against the company

Partnership Firms

4. M/s. Sai Readymades

M/s. 'Sai Readymades' is a partnership firm between Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani and relations interse are governed by a deed of Partnership dated August 10, 2005, having its principal place of business at6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad – 500016.. Subsequently Mr. Annam Kalyan Srinivas, Mr. Annam Subash Chandra Mohan and Mr. Annam Rajesh were admitted to the Partnership firm vide the deed of Partnership, dated April 1, 2006.

Date of Formation	August 10, 2005
Date of supplementary Partnership Deed	April 1, 2006
Registration Number	971/2007
Registered Address	6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad – 500016.
Nature of Business	The main business of Partnership firm is to purchase and sale of Sarees, Silk, Dress Material, Cosmetics, Silverware, Articles of Jewellery, etc.

Partners

Sr. No.	Name of Partner	Profit Sharing Ratio
1	Mr. Chalavadi Naga Kanaka Durga Prasad	60%
2	Mrs. Chalavadi Jhansi Rani	20%
3	Mr. Annam Kalyan Srinivas	5%
4	Mr. Annam Subash Chandra Mohan	5%
5	Mr. Annam Venkata Rajesh	10%

Brief Audited Financial Details

The following table sets forth the summary financial data of M/s Sai Readymades:

(₹in Lakhs)

Particulars	For the year ending March 31,		
	2012	**2011**	**2010**
Partner's Capital Account	30.57	25.80	14.02
Sales	287.65	405.11	729.20
Other Income	-	-	-
Total income	287.65	405.11	729.20
Net Profit/(Loss)	3.10	2.05	9.22

Other Details:

(a) There are no defaults made by the firm in meeting any Statutory/Bank/Institutional dues.
(b) No proceedings have been initiated for economic offences against the firm.
(c) The firm has not been named as a wilful defaulter in the list published by the Reserve Bank of India.
(d) The firm has not had negative capital in the past three financial years.

5. M/s. Sai Retail India

Date of Formation	January 1, 2009
Date of supplementary Partnership Deed	April 1, 2012
Registration Number	466/2009
Registered Address	Plot No.3, Survey No.148, House No.2-23-1/3, First Floor, Kukatpally, Hyderabad – 500072.
Nature of Business	The main business of Partnership firm is to deal in cloth, textiles, ready-mades, jewellery and accessories.

Partners

Sr. No.	Name of Partner	Profit Sharing Ratio
1	Mr. Chalavadi Naga Kanaka Durga Prasad	57.50%
2	Mrs. Chalavadi Jhansi Rani	10.00%
3	Mr. Annam Kalyan Srinivas	8.00%
4	Mr. Annam Subash Chandra Mohan	2.00%
5	Mrs. Annam Suchitra	7.00%
6	Mrs. Annam Sowjanya	3.00%
7	Mr. Annam Venkata Rajesh	5.00%
8	Mr.Chalavadi D K Durga Rao	5.00%
9	Mrs.Supriya Padarthy	2.50%

Brief Audited Financial Details

The following table sets forth the summary financial data of M/s. Sai Retail India:

(₹ In Lakhs)

Particulars	For the year ending March 31,		
	2012	2011	2010
Partner's Capital Account	240.70	1448.15	857.03
Sales (Net)	9770.80	9797.14	5765.34
Other Income	7.21	5.24	8.98
Total income	9778.01	9802.38	5774.32
Net Profit/(Loss)	32.59	43.88	45.59

Other Details:

(a) There are no defaults made by the firm in meeting any Statutory/Bank/Institutional dues.
(b) No proceedings have been initiated for economic offences against the firm.
(c) The firm has not been named as a wilful defaulter in the list published by the Reserve Bank of India.

6. M/s. K. Factory

Date of Formation	May 11, 2012
Registration Number	1428/2012
Registered Address	Door No. 8-2-603, / B / S / 1 / 1, Plot No.1, .2nd Floor Zehra Nagar, Road No.l0, Banjara Hills, Hyderabad – 500 032
Nature of Business	The main business of Partnership firm is to manufacture and deal in readymade garments, women's wear, Men's wear, and Kid's wear

Partners

Sr. No.	Name of Partner	Profit Sharing Ratio
1	Mr.Kasula Ajay Kishore Goud alias Kharthik	40.00%
2	Mr. Chalavadi Naga Kanaka Durga Prasad	40.50%
3	Mr. Annam Kalyan Srinivas	9.00%
4	Mr. Annam Subash Chandra Mohan	3.00%
5	Mr. Annam Venkata Rajesh	3.00%
6	Mr. Chalavadi D K Durga Rao	4.50%

Since firm has commenced operations on May 11, 2012 only, financial statements yet to be prepared.

Trust

7. Kalamandir Foundation

Date of Establishment	July 03, 2010
Managing Trustee	Chalavadi Naga Kanaka Durga Prasad
Address	6-3-790/8, Flat No 1, Bathina Apartments, Ameerpet, Hyderabad – 5000-16

Brief Audited Financial Details

The following table sets forth the summary financial data of Kalamandir Foundation:

(₹ In Lakhs)

Particulars	For the year ending March 31	
	2012	2011
Trust Fund	0.26	1.08
Trust Income / Receipt	8.49	3.68
Surplus of Income over Expenditure / (Deficit)	(0.82)	0.98

Defunct Promoter Group Companies / Entities

There are no defunct Promoter Group Companies / Entities.

Details of Companies / firms from which Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company / firm in the last three years.

Common Pursuits

Our Promoter Group entity, Sai Swarnamandir Jewellers Pvt Ltd, Sai Readymades and Sai Retail India is also engaged in similar line of business. The business interest of our Promoter group entities can lead to conflict of interest. Currently, we do not have any non-compete agreement / arrangement with any of the Promoter Group entities and absence of such non-compete agreement / arrangement may result in the situation of potential conflict of interest in future. For further details of Group entities, please refer "Promoter Group Entities" on page no 156 of this RHP.

Related Party transactions with Group Companies

Other than as disclosed in the "Statement of Restated Related Party Transactions" on page no 216 of the Red Herring Prospectus, there have been no related party transactions with the Promoter Group.

Sale or Purchase between our Company and Group Companies

There have been no transactions of sale or purchase between our Company and the Group Companies amounting to 10% of the total turnover of our Company in the last three years except those transaction mentioned under Related Party Transactions.

For further details on the related party transactions between our Company and the Group Companies, please refer to the *"Annexure 23"* in the chapter titled "*Auditors' Report and Financial Information of our Company*" beginning on page no 216 of the Red Herring Prospectus.

Changes in Accounting Period

There has not been change in the accounting period of our company.

Changes in Accounting Policies in the last three years

Apart from the details mentioned in the paragraph titled "*Changes in Accounting Policy*" contained in chapter titled *"Auditors Report and Financial Information of our Company"* beginning on page no 164 of the Red Herring Prospectus, there have been no changes in the accounting policies of our Company in the last three years.

CURRENCY OF PRESENTATION

In this RHP, unless the context otherwise requires, all references to the word "Lakh" or "Lac", means "One hundred thousand" and the word "million" means "Ten Lakhs" and the word "Crore" means "ten million" and the word "billion" means "One thousand million" and the word "trillion" means "One thousand billion". Throughout this RHP, all the figures have been expressed in lakhs of Rupees, except when stated otherwise.

In this RHP, all references to "Rupees" and "Rs." and "Indian Rupees" and "₹" are to the legal currency of the Republic of India; all references to "U.S. Dollars" and "US$" are to legal currency of the United States.

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

DIVIDEND POLICY

Under the Companies Act, our Company can pay dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at their General Meeting, who have the right to decrease but not to increase the amount of the dividend recommended by the Board of Directors. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual restrictions and overall financial position of our Company. Our Company has no formal dividend policy. The dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous Fiscal years or out of both. The Articles of Association of our Company also gives the discretion to the Board of Directors to declare and pay interim dividends without shareholder's approval. All dividend payments are made in cash to the shareholders of our Company. We have paid dividend only for the fiscal year ended March 31, 2010 in the last five years.

(₹.in Lakhs)

Particulars	31.03.08	2.07.2008	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
On Equity Shares							
Fully Paid up Share Capital	Nil	10,00,00,000	20,00,00,000	20,00,00,000	20,00,00,000	20,22,00,000	20,22,00,000
Face Value (₹)	Nil	10.00	10.00	10.00	10.00	10.00	10.00
Paid up value per share (₹)	Nil	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend	Nil	Nil	Nil	5.00%	Nil	Nil	Nil
Total Dividend	Nil	Nil	Nil	100.00	Nil	Nil	Nil

The amounts paid as dividends in the past are not in any manner indicative of our dividend policy or dividends, if any, that may be declared or paid in the future.

SECTION VI: FINANCIAL INFORMATION

AUDITORS' REPORT AND FINANCIAL INFORMATION OF OUR COMPANY

To
The Board of Directors
Sai Silks (Kalamandir) Limited
(Formerly known as Sai Silk (Kalamandir) Private Limited)
6-3-790/8, Flat No. 1, Bathina Apartments,
Ameerpet, Hyderabad - 500016

Reg: Initial Public Offer of Equity Shares by Sai Silks (Kalamandir) Limited

Dear Sirs,

1. We have examined the attached financial information of Sai Silks (Kalamandir) Limited, (Erstwhile M/s Sai Silks – Partnership Firm, converted under Part IX of the Companies Act, 1956 as private limited company known as Sai Silks (Kalamandir) Private Limited) (hereinafter referred to as 'the Company') as approved by Board of Directors of the Company, prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations) as amended from time to time issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and in terms of our engagement agreed upon with you in accordance with our engagement letter dated February 14, 2011 in connection with the proposed Initial Public Offer of equity shares of the Company.

   Sai Silks (Kalamandir) Limited was earlier operated in the name of Sai Silks as a Partnership Firm and converted into Sai Silks (Kalamandir) Private Limited on July 3, 2008 under Part IX of the Companies Act, 1956 taking over the business of Sai Silks (Kalamandir) with effect from July 3, 2008.

   Sai Silks (Kalamandir) Private Limited was converted into a public company, Sai Silks (Kalamandir) Limited on May 14, 2009.

2. This information have been extracted by the Management of the Company from the audited financial statement of the Company for the year/period that ended on, , March 31, 2008, July 2, 2008, (i.e. for the period April 1, 2008 to July 2, 2008), March 31, 2009 (i.e. for the period July 3, 2008 to March 31, 2009), March 31, 2010, March 31,2011, March 31,2012 and October 31, 2012 (i.e. for the period April 1, 2012 to October 31, 2012) audited by M/s B. Vithlani, Chartered Accountants being the Statutory auditors and the same is re-audited by us. We did not carry out any validation tests or review procedures of financial statements for aforesaid financial year audited by M/s B. Vithlani, Chartered Accountants. Accordingly reliance has been placed on the audited financial statements for the said years for the purpose of the restated financial information.

3. We have also examined the restated financial information of the Company for the above years/periods prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company. The financial information for the above years/periods was examined to the extent practicable, for the purpose of audit of financial information in accordance with the "Standards on Auditing" issued by the Institute of Chartered Accountants of India. Those Standards required that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

4. We report that:

   a) The Restated Statement of Assets and Liabilities of the Company as at March 31, 2008, July 2, 2008, (i.e. for the period April 1, 2008 to July 2, 2008), March 31, 2009 (i.e. for the period July 3, 2008 to March 31, 2009), March 31, 2010 , March 31,2011, March 31,2012 and October 31, 2012 (i.e. for the period April 1, 2012 to October 31, 2012) are as set out in **Annexure 1** to this report are after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes to Accounts and Notes to Adjustments to Restated Financial Information as set out in **Annexure4, Annexure 5 & Annexure 6** respectively to this report.

b) The Restated Statement of Profit and Loss of the Company for the year/period ended March 31, 2008, July 2, 2008, (i.e. for the period April 1, 2008 to July 2, 2008), March 31, 2009 (i.e. for the period July 3, 2008 to March 31, 2009) March 31, 2010, March 31,2011, March 31,2012 and October 31, 2012 (i.e. for the period April 1, 2012 to October 31, 2012) are as set out in **Annexure 2** to this report are after making adjustments/restatements and regrouping as in our opinion were appropriate Significant Accounting Policies, Notes to Accounts and Notes to Adjustments to Restated Financial Information as set out in **Annexure4, Annexure 5 & Annexure 6** respectively to this report.

c) We further report that the Company has declared dividend @ 5% in respect of financial year ended March 31, 2010.

5. We have examined the following financial information relating to the Company for the year/period that ended on March 31, 2008, July 2, 2008, (i.e. for the period April 1, 2008 to July 2, 2008), March 31, 2009 (i.e. for the period July 3, 2008 to March 31, 2009), March 31, 2010, March 31,2011, March 31,2012 and October 31, 2012 (i.e. for the period April 1, 2012 to October 31, 2012) proposed to be included in the Red Herring Prospectus, as prepared and approved by the Board of Directors and annexed to this report:

Sr. No	Description	Annexure No.
1.	Restated Statement of Assets and Liabilities	Annexure 1
2.	Restated Statement of Profit and Losses	Annexure 2
3.	Cash Flow Statement	Annexure3
4.	Statement of Accounting Policies for the Restated Accounts	Annexure 4
5.	Notes to Accounts	Annexure 5
6.	Notes to Adjustments in the Restated Accounts	Annexure 6
7.	Statement of Share Capital	Annexure 7
8.	Statement of Accounting Ratios	Annexure 8
9.	Statement of Dividend	Annexure 9
10.	Statement of Unsecured loans	Annexure 10
11.	Statement of Provisions	Annexure11
12.	Statement of Capitalization	Annexure12
13.	Statement of Tax Shelters	Annexure13
14.	Statement of Short term Borrowings	Annexure14
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In our opinion the Restated Statement of Assets and Liabilities, Restated Statement of Profit and Loss Account and the financial information as stated above read along with the Significant Accounting Policies, Notes to Accounts and Notes to Adjustments to Restated Financial Information as set out in **Annexure 4, Annexure 5 & Annexure 6** respectively have been prepared in accordance with Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 and the SEBI (ICDR) Regulations.

6. In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the Sai Silks (Kalamandir) Limited, we hereby confirm that Statements of Assets and Liabilities and Profit and Loss or any other financial information have been incorporated in the offer document after making the following adjustments, wherever quantification is possible:

a. Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other adjustments which resulted in audit qualifications except for those audit qualification whose financial impact not ascertainable or not quantifiable.

b. Material amounts relating to adjustments for previous years has been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.

c. Where there has been a change in accounting policy, the profits or losses of the earlier years (required to be shown in the offer document) and of the year in which the change in the accounting policy has taken place has been recomputed to reflect what the profits or losses of those years would have been if an uniform accounting policy was followed in each of those years.

d. If an incorrect accounting policy is followed, the re-computation of the financial statements has been in accordance with correct accounting policies.

e. Statement of profit or loss discloses the profit or loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items.

7. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by M/s B. Vithlani, Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to therein.

8. This report is intended solely for use of the management and for inclusion in the Offer document in connection with the Proposed Initial Public Offer of the Company and should not be used or referred to or distributed for any other purpose without our prior consent in writing.

For GV & Co
Chartered Accountants

Grandhi Vittal
Proprietor
M. No. 206462
Firm No. 012875S

Place: Hyderabad
Date: December 31, 2012

Annexure 1

SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹In Lakhs)

Particulars	31.03. 2008*	2.07. 2008*	31.03. 2009	31.03. 2010	31.03. 2011	31.03. 2012	October 31, 2012
A Non Current Assets							
Fixed Assets							
Tangible assets	1063.35	1092.11	1620.10	1573.06	2509.66	3124.78	3280.69
Intangible assets	0.00	0.00	15.53	25.82	51.51	46.13	39.73
Capital Work-in-Progress	0.00	0.00	0.00	1.39	433.86	31.48	530.55
Intangible assets under development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Assets held for sale	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-current investments	3.00	3.00	3.00	3.00	0.00	0.00	0.00
Deferred tax assets (net)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term loans and advances	0.00	9.94	5.57	40.93	266.28	40.97	359.69
Other non-current assets	333.34	423.16	464.31	474.69	553.37	736.18	894.74
Total Non-Current Assets(A)	**1399.69**	**1528.22**	**2108.51**	**2118.89**	**3814.68**	**3979.54**	**5105.40**
B Current Assets							
Current investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	2359.88	3592.31	5642.47	5227.35	8343.70	9480.25	12258.43
Trade Receivables	156.21	163.47	454.24	402.13	83.81	114.24	105.97
Cash and Bank Balances	292.76	132.73	61.97	108.25	302.33	288.17	312.44
Short –term Loans and advances	474.82	1097.91	576.16	83.92	116.58	336.49	883.59
Other Current Assets	0.00	0.00	0.00	0.00	1.08	8.95	10.40
TOTAL Current Assets (B)	**3283.67**	**4986.42**	**6734.84**	**5821.65**	**8847.50**	**10228.10**	**13570.81**
C Non-current liabilities							
Long –term borrowings	424.67	385.65	584.85	288.22	832.92	807.26	917.32
Deferred tax liabilities (net)	12.48	4.91	46.20	72.94	174.37	414.39	437.58
Other long-term liabilities	9.60	9.60	9.60	9.60	3.15	3.66	141.11
Long-term provisions	8.77	8.77	3.17	22.24	35.31	53.47	63.97
Total Non-Current liabilities (C)	**455.52**	**408.93**	**643.82**	**393.00**	**1045.75**	**1278.79**	**1559.98**

D Current liabilities							
Short-term borrowings	729.95	1215.72	3692.39	3587.78	4506.09	5839.94	8072.11
Trade payables	1173.34	2663.18	1494.39	479.79	1780.12	890.73	1265.58
Other current liabilities	781.27	861.06	542.87	468.60	1280.12	996.88	1563.53
Short-term provisions	94.73	132.75	165.37	421.35	454.64	436.59	749.11
TOTAL Current Liabilities (D)	**2779.28**	**4872.70**	**5895.02**	**4957.52**	**8020.96**	**8164.13**	**11650.33**
Net worth (A+B-C-D)	**1448.56**	**1233.01**	**2304.52**	**2590.02**	**3595.47**	**4764.71**	**5465.91**
Net worth Represented By							
Shareholder's Funds:							
E Share Capital							
Partners Capital	1448.56	1147.65	-	-	-	-	-
Equity Share Capital	-	-	2000.00	2000.00	2000.00	2022.00	2022.00
Money received against share warrants	-	-	-	-	-	-	-
TOTAL(E)	**1448.56**	**1147.65**	**2000.00**	**2000.00**	**2000.00**	**2022.00**	**2022.00**
F Reserves and surplus							
Securities Premium Account	0.00	0.00	0.00	0.00	0.00	143.00	143.00
Profit and Loss Account	0.00	85.36	304.52	590.02	1430.47	2599.71	3300.91
TOTAL(F)	**-**	**85.36**	**304.52**	**590.02**	**1430.47**	**2742.71**	**3443.91**
G Share application money pending allotment			-	-	165.00	-	-
TOTAL(G)	**-**	**-**	-	-	165.00	-	-
Net Worth (E+F+G)	**1448.56**	**1233.01**	**2304.52**	**2590.02**	**3595.47**	**4764.71**	**5465.91**

* For the purpose of above restated financial statements, the accounts of partnership firm for the year / period ended 31.03.2008 and 01.04.2008 to 02.07.2008 have been recasted in accordance with the requirements of Revised Schedule VI of the Companies Act, 1956.

Note: Figures for the period from April 1, 2008 to July 2, 2008 pertains to the partnership firm prior to its conversion under Part IX of the Companies Act, 1956 and figures for the period from July 3, 2008 to March 31, 2009 pertains to post conversion into the limited company.

Annexure 2

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹In Lakhs)

Particulars	31.03. 2008*	2.07. 2008*	31.03. 2009	31.03. 2010	31.03. 2011	31.03. 2012	Period Ended October 31, 2012
Revenue from Continuing Operations:							
Revenue from operations							
Sales of Products Manufactured	-	-	-	-	-	-	-
Sales of Products Traded	6477.05	4415.56	8306.73	19363.24	24377.29	26276.19	16815.97
Total Revenue	**6477.05**	**4415.56**	**8306.73**	**19363.24**	**24377.29**	**26276.19**	**16815.97**
Less : Excise Duty	-	-	-	-	-	-	-
Net Sales	**6477.05**	**4415.56**	**8306.73**	**19363.24**	**24377.29**	**26276.19**	**16815.97**
Other Income	149.18	0.79	81.69	90.75	94.64	102.84	40.62
Profit On Sales Of Investment	-	-	-	-	0.47	-	-
TOTAL(A)	**6626.22**	**4416.35**	**8388.43**	**19453.99**	**24472.40**	**26379.03**	**16856.59**
Expenditure							
Cost of materials consumed	-	-	-	-	-	-	-
Purchase of Traded Goods	5583.46	4649.09	7170.87	15156.90	21776.65	20733.51	15298.78
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(713.14)	(1232.43)	(2050.16)	(252.72)	(3116.35)	(1136.56)	(2778.17)
Employee benefits expense	270.46	168.47	328.28	402.90	484.88	551.49	445.24
Other expenses	1054.53	578.97	2073.75	2809.54	3233.36	3130.54	1901.94
TOTAL(B)	**6195.31**	**4164.10**	**7522.74**	**18116.63**	**22378.54**	**23278.98**	**14867.79**
Earnings Before Interest, Depreciation, exceptional items, extraordinary items and Tax (EBITDA) (A-B)	**430.92**	**252.25**	**865.69**	**1337.36**	**2093.86**	**3100.05**	**1988.80**
Depreciation and amortisation expense	37.17	22.27	71.56	116.31	132.00	232.99	149.74
Earnings Before Interest , exceptional items, extraordinary items and Tax	**393.75**	**229.99**	**794.13**	**1221.06**	**1961.86**	**2867.06**	**1839.06**
Financial Costs	214.95	95.29	449.84	611.31	703.37	1095.79	790.01

Profit Before exceptional items, extraordinary items and Tax	**178.80**	**134.69**	**344.29**	**609.75**	**1258.49**	**1771.27**	**1049.05**
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Earnings before extraordinary items and Tax	**178.80**	**134.69**	**344.29**	**609.75**	**1258.49**	**1771.27**	**1049.05**
Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit / (Loss) before tax	**178.80**	**134.69**	**344.29**	**609.75**	**1258.49**	**1771.27**	**1049.05**
Tax expense:							
Provision for taxation:	**69.02**	**49.33**	**125.13**	**207.26**	**418.05**	**602.02**	**347.85**
Provision for Income Tax	58.20	53.35	75.74	180.51	316.62	362.00	324.67
Current Year	58.20	53.35	75.74	180.51	316.62	354.39	324.67
Previous Year	0.00	0.00	0.00	0.00	0.00	7.60	0.00
Provision for Deferred Tax	3.37	(7.57)	41.29	26.74	101.43	240.02	23.18
Provision for FBT	7.46	3.55	8.10	0.00	0.00	0.00	0.00
Profit / (Loss) After Tax	**109.78**	**85.36**	**219.16**	**402.49**	**840.45**	**1169.25**	**701.20**
Provision for Dividend	0.00	0.00	0.00	(100.00)	0.00	0.00	0.00
Provision for Dividend Distribution Tax	0.00	0.00	0.00	(17.00)	0.00	0.00	0.00
Profit/(Loss) from continuing operations	**109.78**	**85.36**	**219.16**	**285.50**	**840.45**	**1169.25**	**701.20**
Discontinuing Operations							
Profit / (Loss) from discontinuing operations (before tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax expense of discontinuing operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit / (Loss) from discontinuing operations (after tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operations	**109.78**	**85.36**	**219.16**	**285.50**	**840.45**	**1169.25**	**701.20**
Profit / (Loss) for the year	**109.78**	**85.36**	**219.16**	**285.50**	**840.45**	**1169.25**	**701.20**

* For the purpose of above restated financial statements, the accounts of partnership firm for the year / period ended 31.03.2008 and 01.04.2008 to 02.07.2008 have been recasted in accordance with the requirements of Revised Schedule VI of the Companies Act, 1956.

Note: Figures for the period from April 1, 2008 to July 2, 2008 pertains to the partnership firm prior to its conversion under Part IX of the Companies Act, 1956 and figures for the period from July 3, 2008 to March 31, 2009 pertains to post conversion into the limited company.

Annexure 3

CASH FLOW STATEMENT, AS RESTATED

(₹ In Lakhs)

Particulars	31.03. 2008	2.07. 2008	31.03. 2009	31.03. 2010	31.03. 2011	31.03. 2012	Period Ended October 31, 2012
Cash Flow from Operating Activities							
Net Profit before tax and Extraordinary Item as per Profit and Loss account	**178.80**	**134.69**	**344.29**	**609.75**	**1258.49**	**1771.27**	**1049.05**
Adjustments for:							
Depreciation and Amortisation expense	37.17	22.27	71.56	116.31	132.00	232.99	149.74
(Profit) / Loss on sale of Fixed Assets	0.00	0.00	0.00	0.00	3.84	0.00	1.54
(Profit) / Loss on sale of Investment	0.00	0.00	0.00	0.00	(0.47)	0.00	0.00
Financial Costs	214.95	95.29	449.84	579.81	703.37	1080.70	769.00
Effect of Exchange Rate change	0.00	0.00	0.00	31.50	0.00	15.09	21.01
Misc. Exp. Written-off	0.00	0.00	0.71	1.70	9.01	18.13	15.15
Other Income	(149.18)	(0.79)	(81.69)	(90.75)	(94.64)	(102.35)	(40.62)
Operating Profit before working capital changes	**281.74**	**251.46**	**784.70**	**1248.31**	**2011.60**	**3015.82**	**1964.87**
Adjustments for:							
(Increase)/ Decrease in Inventories	(713.14)	(1232.43)	(2050.16)	415.12	(3116.35)	(1136.56)	(2778.17)
(Increase)/ Decrease in Trade & other Receivables	(70.08)	(7.26)	(290.77)	52.11	318.32	(30.43)	8.27
(Increase)/ Decrease in Short Term Loans and Advances	(79.23)	(623.09)	521.75	492.25	(32.67)	(219.91)	(547.10)
(Increase)/ Decrease in Other Current Assets	19.00	0.00	3.62	57.65	212.34	458.03	(1.18)

Increase/ (Decrease) in Trade Payables	69.88	1489.84	(1168.79)	(1014.60)	1300.32	(889.39)	374.85
Increase/ (Decrease) in Other Current Liabilities & Short term Provisions	533.95	60.91	(369.42)	(115.78)	628.18	(663.28)	554.51
Cash Generated from Operations	**42.13**	**(60.57)**	**(2569.06)**	**1135.06**	**1321.76**	**534.29**	**(423.95)**
Direct Taxes Paid	(19.00)	0.00	(3.62)	(57.65)	(213.42)	(448.90)	(0.27)
Cash Flow Before Extra Ordinary Items	**23.13**	**(60.57)**	**(2572.68)**	**1077.41**	**1108.34**	**85.39**	**(424.22)**
Extra Ordinary Items (Effect of Restated Accounts)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash generated/ (utilised) from Operating Activities	**23.13**	**(60.57)**	**(2572.68)**	**1077.41**	**1108.34**	**85.39**	**(424.22)**
Cash Flow from Investing Activities							
Purchase of Fixed Assets	(730.46)	(51.03)	(615.08)	(79.55)	(1108.93)	(842.74)	(312.09)
Sale of Fixed Assets	-	-	-	-	10.80	-	11.30
Capital Work in Progress	0.00	0.00	0.00	(1.39)	(432.47)	402.38	(499.08)
Other Income	149.18	0.79	81.69	90.75	94.64	102.35	40.62
Profit/ (Loss) on sale of Investments	0.00	0.00	0.00	0.00	0.47	0.00	0.00
Sale/(Purchase) of Investments	0.00	0.00	0.00	0.00	3.00	0.00	0.00
Changes in Long Term Loans & Advances	74.55	(9.94)	4.37	(35.36)	(225.35)	225.31	(318.73)
(Increase)/ Decrease in Other Non Current Assets	(197.87)	(89.83)	(41.85)	(12.08)	(87.68)	(200.94)	(173.71)
Increase/ (Decrease) in Other Long Term Liabilities & Long Term Provisions	4.72	0.00	(5.60)	19.07	6.62	18.68	147.95

Cash flow before exceptional items	**(699.89)**	**(150.01)**	**(576.47)**	**(18.56)**	**(1738.91)**	**(294.95)**	(1103.73)
Exceptional items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash utilised in Investing Activities	**(699.89)**	**(150.01)**	**(576.47)**	**(18.56)**	**(1738.91)**	**(294.95)**	**(1103.73)**
Cash Flow from Financing Activities							
Finance Costs	(214.95)	(95.29)	(449.84)	(579.81)	(703.37)	(1080.70)	(769.00)
Proceeds from issue of Share Capital/Share Application Money	575.42	(300.91)	852.35	0.00	165.00	0.00	0.00
Proceeds / (Repayment) from Long Term Borrowings	271.65	(39.02)	199.20	(296.63)	544.70	(25.66)	110.06
Proceeds / (Repayment) from Short Term Borrowings	331.74	485.77	2476.67	(104.62)	918.32	1333.85	2232.17
Dividend paid	0.00	0.00	0.00	0.00	(100.00)	0.00	0.00
Dividend Tax Paid	0.00	0.00	0.00	0.00	0.00	(17.00)	0.00
Effect of Exchange Rate change	0.00	0.00	0.00	(31.50)	0.00	(15.09)	(21.01)
Net Cash generated / (utilised in) Financing Activities	**963.86**	**50.55**	**3078.38**	**(1012.56)**	**824.65**	**195.40**	**1552.22**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	287.10	(160.03)	(70.76)	46.29	194.08	(14.16)	**24.27**
Cash & Cash Equivalents at Beginning of the Year	**5.66**	**292.76**	**132.73**	**61.97**	**108.25**	**302.33**	**288.17**
Cash and Bank Balances	5.66	290.76	130.73	59.77	106.05	115.13	82.93
Other Bank Balances		2.00	2.00	2.20	2.20	187.20	205.24
Cash and Cash Equivalents at the end of the Year	**292.76**	**132.73**	**61.97**	**108.25**	**302.33**	**288.17**	**312.44**

Cash and Bank Balances	290.76	130.73	59.77	106.05	115.13	82.93	91.82
Other Bank Balances	2.00	2.00	2.20	2.20	187.20	205.24	220.62

Notes to Cash Flow Statements

1. **Change in Others Current Assets:**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Change in Other Current Assets	0.00	0.00			(1.08)	(7.87)	(1.45)
Less: Direct Taxes Paid	(19.00)	-	(3.62)	(57.65)	(213.42)	(448.90)	(0.27)
Less : Dividend Taxes Paid	-	-	-	-	-	(17.00)	0.00
Net Changes in Other Current Assets	**19.00**	**0.00**	**3.62**	**57.65**	**212.34**	**458.03**	**(1.18)**

2. **Change in Other Current Liabilities & Short term provisions**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Other Current Liabilities & short term provisions excl Provision for IT, FBT	781.27	842.18	472.76	473.97	1002.16	338.87	893.38
Provision for dividend & Dividend Tax	-	-	-	117.00	-	-	-
Dividend Paid	-	-	-	-	100.00	-	-
Change in Other Current Liabilities & Short term Provisions	**533.95**	**60.91**	**(369.42)**	**(115.78)**	**628.18**	**(663.28)**	**554.51**

3. **Change in Share Capital**

(₹. In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Partners Capital after Adjustments / Share Capital	1448.56	1147.65	2000.00	2000.00	2000.00	2022.00	2022.00
Transfer of profit for the year	(109.78)	-	-	-	-		
Share Application Money Received	0.00	-	-	-	165.00		
Securities Premium	-	-	-	-	-	143.00	143.00
Total	**1338.78**	**1147.65**	**2000.00**	**2000.00**	**2165.00**	**2165.00**	**2165.00**
Less: Cumulative profit included in capital up to previous year	(49.24)	(109.78)	-	-	-	-	-
Effective change in Share Capital	**575.42**	**(300.91)**	**852.35**	**-**	**165.00**	**-**	**-**

Annexure4

Significant Accounting Policies for the Restated Accounts:

1. Basis of Accounting;

i. The Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards notified by the Government of India / issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.
ii. Accounting Policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles that are followed by the company.

2. Use of Estimates;

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Fixed Assets, Depreciation and Intangible Assets (AS 10 ,6 & 26):

Fixed Assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they related to the period till such assets are ready to be put to use. The same is in compliance with AS-10 to the extent applicable.

Depreciation is provided on **Straight Line Method** as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 with reference to the month of acquisition / installation / launching of new stores. Depreciation on assets sold, scrapped or demolished during the year is being provided at their respective rates up to the month in which such assets are sold, scrapped or demolished as required by Schedule XIV to the Companies Act, 1956. The estimated usage of software purchased is six years, therefore for amortization of the same, the rates prescribed for computers and peripherals under Straight Line Method in the manner prescribed in Schedule XIV to the Companies Act, 1956 has been adopted. The same is in compliance with AS-6 & 26 to the extent applicable.

4. Borrowing Cost (AS 16);

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time as the asset is ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. The same is in compliance with AS-16 to the extent applicable.

5. Investments(AS 13);

Long-term Investments are stated at cost. Provision for diminution is being made if necessary to recognize a decline, other than temporary in the value thereof. The same is in compliance with AS-13 to the extent applicable.

6. Inventories(AS 2);

Inventories are valued as follows;

a) Stores, Spare parts, Packing material and Branding material	:At cost
b) Raw material & Stitching material	:At cost
c) Finished Goods	:At lower of cost or net realizable value

The same is in compliance with AS-2 to the extent applicable.

7. **Transactions in Foreign Currency(AS 11);**

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated into Indian rupees at the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in Profit and Loss Account. In the case of assets and liabilities covered by Forward contracts, the difference between the exchange rate at the inception of forward exchange contract and the forward rate specified in the contract is amortised and recognized in the statement of profit and loss over the period of the contract. Premium or discount on foreign exchange forward contract are amortised and recognized in the statement of profit and loss over the period of the contract. The same is in compliance with AS-11 to the extent applicable.

8. **Revenue Recognition(AS 9);**

Sale of Goods are accounted on deliver to customers. Sales is net of returns, discounts and Sales Tax / Value Added basis except for work sarees (made-ups), which was not collected from the customers. Export sales are accounted as revenue on the basis of Bill of Lading. Interest income is recognized on accrual basis. Dividend income is accounted for when the right to receive is established. Claims are accounted when there is reasonable certainty of its ultimate collection. The same is in compliance with AS-9 to the extent applicable.

9. **Miscellaneous Expenditure (AS 26);;**

Miscellaneous Expenditure includes, expenses incurred on conversion of Partnership into Private Limited Company under Part IX of Companies Act, 1956 and expenses relevant to proposed Initial Public Offer were expensed 20% for each year.

The same is in compliance with AS-26 to the extent applicable.

10. **Retirement and other employee benefits(AS 15);**

Defined Contribution Plan: The Company makes defined contribution to Provident Fund, which are recognized in the Profit and Loss Account on accrual basis.

Defined Benefit Plan: The Company's liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of financial year and accounted on accrual basis. Provision for leave entitlement is accrued and provided.

The same is in compliance with AS-15 to the extent applicable

11. **Provision for current tax, FBT and deferred tax (AS 22);**

Provision for current tax and fringe benefits tax is made on the basis of estimated taxable income and fringe benefits respectively for the current accounting period in accordance with the provisions of Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future. The same is in compliance with AS-22 to the extent applicable.

12. **Cash Flow Statement(AS 3);**

The Cash Flow Statement is prepared by indirect method set in Accounting Standard 3 on cash flow statement and presents the cash flows by Operating, Investing and Finance activities of the company. Cash and cash equivalents presented in cash flow consists of cash in hand, cheques in hand, bank balances. The same is in compliance with AS-3 to the extent applicable.

13. Provisions, Contingent Liabilities and Contingent Assets (AS 29)

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements. The same is in compliance with AS-29 to the extent applicable.

14. Impairment of Assets (AS 28);

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit & Loss Account in the year in which the asset is impaired and the impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. The same is in compliance with AS-28 to the extent applicable.

15. Leases (AS 19);

Operating lease payments are recognized as expenses in the profit and loss account as per the terms of the agreements which is representative of the time pattern of the users' benefit. The same is in compliance with AS-19 to the extent applicable.

16. Income tax expenses comprise current tax, FBT & deferred tax charges or credit.

Provision for income tax is made on the basis of estimated taxable income. Advance Tax and Tax Deducted at Source (TDS) are shown in the balance sheet under head Loans and advances during the year and in subsequent years the Advance Tax & TDS are adjusted against Provision for Tax. The net effect has been added under the head Provision for Tax.

17. All the extra ordinary and prior period items of Income and expenses are separately disclosed in the statement of Profit and Loss account in the manner such that it's impact on the current profit or loss can be perceived. If there has been any change in the Company's accounting policies or accounting estimate so as to have material impact on the current year profit/loss or that of later periods the same would be disclosed as part of notes to accounts. All the items of Income and Expenses from ordinary activities with such size and nature such that they become relevant to explain the performance of the company have been disclosed separately. The same is in compliance with AS-5 to the extent applicable

Annexure 5

Notes to Accounts

(₹ In Lakhs)

	Particulars	31.10.2012	FY 2011-12
1.	**Note: Auditors Remuneration**		
	Payments to Auditors comprise:		
	As Auditors - Statutory Audit	0.49	0.83
	For taxation matters	0.16	0.28
	For company law matters	-	-
	For management services	-	-
	For other services	-	-
	Reimbursement of Expenses	-	-

(₹ In Lakhs)

	Note: Deferred Tax Liability (Net)	31.10.2012	FY 2011-12
2.	Depreciation as per Company Law	149.74	232.99
	Depreciation as per Income Tax Law	221.20	972.78
	Timing Differences	71.45	739.79
	Deferred Tax Liability	23.18	271.37
	Set-off Excess provision (FY 2011-12)	(31.34)	-
	Provision for the period	(8.16)	271.37

3. **Related Party Disclosures**

Sr. No.	Name of the Related Party	Nature of Relationship
1	Sai Readymades	Associate
2	Sai Retail India	Associate
3	SSS Marketing	Associate
4	Sai Swarnamandir Jewellers Pvt Ltd	Associate
5	Sumaja Creations	Associate
6	K Factory	Associate
7	Kalamandir Foundation	Associate
8	CHNKD Prasad	Key Managerial Personnel
9	Ch Jhansi Rani	Key Managerial Personnel
10	CHDK Durga Rao	Key Managerial Personnel
11	CH Mohana Durga Rao	Relative of Director
12	Chalavadi Krishna Murthy	Relative of Director
13	Annam Kalyan Srinivas	Key Managerial Personnel
14	Annam Subash Chandra Mohan	Key Managerial Personnel
15	Annam Venkata Rajesh	Key Managerial Personnel
16	Annam Sowjanya	Key Managerial Personnel
17	Annam Suchitra	Key Managerial Personnel

Transactions with Related Parties:

(₹ In Lakhs)

Sr No.	Nature of Transaction	31.10.2012			FY 2011-12		
		Associates	Key Managerial Personnel	Total	Associates	Key Managerial Personnel	Total
1	Purchases	13927.94	-	13927.94	19076.82	-	19076.82
2	Rent (Expense)	2.80	1.05	3.85	4.80	1.80	6.60
3	Rent (Income)	9.80	-	9.80	15.80	-	15.80
4	Commission (Expense)	16.11	-	16.11	21.72	-	21.72
5	Salary / Remuneration	-	98.25	98.25	-	85.50	85.50
6	Advertisement (Expense)	194.01	-	194.01	535.65	-	535.65
7	Royalty (Expense)	-	8.17	8.17	-	1.20	1.20
8	Donation	6.45	-	6.45	3.69	-	3.69
9	Unsecured Loan	-	350.00	350.00	-	-	-
10	Guarantees *	-	-	-	2200.00	-	2200.00

Balances with Related Parties as at 31.10.2012:

(₹ In Lakhs)

Sr. No.	Nature of Transaction	31.10.2012				FY 2011-12			
		Associates	Key Managerial Personnel	Relative of Director	Total	Associates	Key Managerial Personnel	Relative of Director	Total
1	Short Term Borrowings	-	350.00	0.12	350.12	-	-	0.12	0.12
2	Trade Payables	381.60	-	-	381.60	2.15	-	-	2.15
3	Advertisement (Expense), Salary / Remuneration, Rent (Expense)	5.74	23.70	-	29.44	0.64	8.70	-	9.34
4	Trade Receivables	21.19	-	-	21.19	24.87	-	-	24.87
5	Short Term Loans & Advances	420.02	-	-	420.02	-	-	-	-
6	Guarantees *	2200.00	-	-	2200.00	2200.00	-	-	2200.00

* The Company has given a Corporate Guarantee for ₹ 2200.00 lakhs to State Bank of India for the loans sanctioned to M/s Sai Swarnamandir Jewellers Private Limited

Disclosure in respect of material transactions during the year:

(₹ In Lakhs)

Sr. No.	Particulars	31.10.2012	FY 2011-12
1	**Purchases**		
	Sai Readymades	-	299.15
	Sai Retail India	7547.50	9024.05
	Sai Swarnamandir Jewellers Pvt Ltd	6364.59	9753.61
	K Factory	15.86	-
2	**Rent (Expense)**		
	Sai Retail India	2.80	4.80
	CHNKD Prasad	1.05	1.80
3	**Rent (Income)**		
	Sai Retail India	9.80	15.80
4	**Commission (Expense)**		
	SSS Marketing	16.11	21.72
5	**Salary / Remuneration**		
	CHNKD Prasad	26.00	36.00
	Ch Jhansi Rani	3.50	6.00
	CHDK Durga Rao	13.25	12.00
	CH Mohana Durga Rao	11.25	-
	Annam Kalyan Srinivas	18.25	12.00
	Annam Subash Chandra Mohan	12.75	8.25
	Annam Venkata Rajesh	12.25	6.00
	Annam Sowjanya	1.00	5.25
6	**Advertisement (Expense)**		
	Sumaja Creations	194.01	535.65
7	**Royalty (Expense)**		
	Ch Jhansi Rani	8.17	1.20
8	**Donation (Expense)**		

	Kalamandir Foundation	6.45	3.69
9	**Unsecured Loan**		
	CHNKD Prasad	125.00	-
	CHDK Durga Rao	75.00	-
	Annam Kalyan Srinivas	150.00	-
10	**Corporate Guarantee**		
	Sai Swarnamandir Jewellers Pvt Ltd	-	2200.00

Note: Related Party relationships as given above is as identified by the Company and relied upon by the Auditor

4. **Segment Reporting**

The Company has identified two reportable segments viz Retail and Generation of power through windmill. Segments have been identified and reported taking into account nature of products and services. The accounting policies adopted for segment reporting are in line with accounting policy of the company with following additional policies for segment reporting.

a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable"
b) Segment assets and Segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Segment information for the period October 31, 2012, as per Accounting Standard 17 - "Segment Reporting" issued by the Institute of Chartered Accountants of India:

Business Segment:

(₹ In Lakhs)

Particulars	Retail		Wind Power		Consolidated Total	
	As At 31.10.2012	**As At 31.03.2012**	**As At 31.10.2012**	**As At 31.03.2012**	**As At 31.10.2012**	**As At 31.03.2012**
Revenue						
External Sales	16768.40	26252.45	47.57	23.73	16815.97	26276.19
Inter Segment Sales						
Total Revenue	**16768.40**	**26252.45**	**47.57**	**23.73**	**16815.97**	**26276.19**
Results						
Segment result	1654.67	2582.59	(65.20)	(146.07)	1589.47	2436.52
Unallocated Corporate Exp					(57.83)	(63.11)
Operating profit					1531.64	2373.41
Unallocated Interest expense					(523.21)	(704.99)
Other income					40.62	102.84
Income taxes					(316.51)	(633.36)
Profit from ordinary activiti					**732.54**	**1137.90**
Extraordinary losses					-	-
Profit for the Year					**732.54**	**1137.90**
Assets:						
Segment assets	17228.35	12731.37	1042.78	1080.20	18271.12	13811.57
Unallocated corporate assets					369.10	360.08
Total Assets					**18640.23**	**14171.65**
Liabilities:						
Segment liabilities	3045.38	1574.82	706.00	748.78	3751.38	2323.60
Unallocated corporate liabiliti					14888.85	11848.04
Total Liabilities					**18640.23**	**14171.65**
Other Information:						
Capital Expenditure	811.16	296.13	-	578.09	811.16	874.21
Depreciation	102.41	165.47	47.34	67.53	149.74	232.99
Non Cash Expenditure Other than Depreciation (Allocable)	1.54	-	-	-	1.54	-

Non Cash Expenditure Other than Depreciation (Unallocable)					15.15	18.13

Geographic Segment:

The Company operates solely in one Geographic Segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.

5.	**Earnings Per Share**	**Units**	**31.10.2012**	**FY 2011-12**
(a)	Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	₹ in Lakhs	732.54	1137.90
(b)	Weighted Average No of Equity shares used as denominator for calculation of EPS	in Nos	2,02,20,000	2,02,20,000
(c)	Basic and Diluted Earnings per share	₹	3.62	5.63
(d)	Face value per share	₹	10.00	10.00

The Calculation of Earnings per Share (EPS) as disclosed in the Profit and Loss Account has been made in accordance with Accounting Standard (AS - 20) on Earnings per Share issued by the Institute of Chartered Accountants of India.

(₹ In Lakhs)

6. **Earnings in foreign currency**	**31.10.2012**	**FY 2011-12**
Export of Goods calculated on FOB basis	14.48	9.87
7. **Expenditure in foreign currency**	**-**	-

(₹ In Lakhs)

8. **Tax Expense**	**31.10.2012**	**FY 2011-12**
The Tax Expenses for the year comprises of:		
Income Tax	324.67	362.00
Current Year	324.67	354.39
Less: MAT Credit	-	-
Previous Year	-	7.60
Deferred Tax	(8.16)	271.37

Provision for income tax is made on the basis of estimated taxable income. Advance Tax and Tax Deducted at Source (TDS) are shown in the balance sheet under head "Loans and advances" during the year and in subsequent years the Advance Tax & TDS are adjusted against provision for tax

(₹ In Lakhs)

9. **Obligations towards Operating Leases**	**31.10.2012**	**FY 2011-12**
The company has entered into operating lease arrangements for its premises at various locations.		
Future minimum lease payments		
not later than one year	954.36	883.63
later than one year and not later than five years	4243.10	3692.28
later than five years	5817.47	4798.01

The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is on account of lock-in period and notice period in some of the lease agreements entered by the company for operating of showrooms:

(₹ In Lakhs)

	31.10.2012	**FY 2011-12**
On account of Lock-in Period	2559.48	2211.97

On account of Notice Period	267.54	250.20
Lease payments recognized in the Statement of Profit and Loss (net)	457.99	713.53
Sublease payments received / receivable recognised in the Statement of Profit and Loss	13.30	22.80

(₹ In Lakhs)

10. **Capital and Other commitments**	**31.10.2012**	**FY 2011-12**
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	136.41	274.53
(b) Uncalled liability on shares and other investments partly paid	-	-
(c) Other commitments (specify nature)	-	-

11. **Note: Term Loans / Working Capital Demand Loans / Amortized OD / Vehicle Loans**

Sr. No.	Name of th Lender	Principal Terms of Secured Loans and Assets Charged as Security:
Term Loans / Working Capital Demand Loans / Amortized OD		
State Bank Of India		
a.	**Term Loan**	a) **Security:** **Primary Security Term Loan III, IV, V, 6 & 7** First charge on fixed assets of the company both present and future including equitable mortgage on windmill properties (as detailed below): 1. Private land admeasuring 4.40 acres of land in Survey No. 602, 802/4 and 803 of Pettikota Revenue Village (Kondamithipalli) 2. Revenue land admeasuring 3.74 acres of land in Survey No 595 of Tummalapenta Revenue Village (Kondamithipalli) **Collateral Security Term Loan III, IV & V:** (i) Equitable Mortgage of 10 properties belonging to Promoters & their friends and family members (as detailed below) 1. Commercial building situated at Door No.29-13-116, Mpl.ward No.24, Revenue Ward No.9, Block No.17, N.T.S.No.723, old assmt.No.21352, present Assmt.No. 21351, Kaleswararao Road, Governerpet, Vijayawada admeasuring 323 Sq.Yds, belonging to late Perumalla Hanumantha Rao, S/o Late Appa Rao (Represented by his legal heirs Smt.P.Dhanalakshmi and Ch. Jhansi Rani). 2. Residential Building situated in Old door No.33-16-14, Present Door No.33-16-17, Block No.9, N.T.S.No.795, 796 and 24, Old Assmt. No.7290, Present Assmt. No. 25006, Ramanadham street, Kasturibhai pet, Mogalrajapuram, Vijayawada admeasuring 586.40 Sq.Yds., belonging to Smt. P Dhanalakshmi, W/o Hanumantha Rao. 3. Open site measuring 332 Sq.Yds., vide Plot No.6, in Sy.No.87&90 T.S.No.13&14 Situated at Shaikpet Village & Mandal, Hyderabad belonging to Sri A Subhash Chandra Mohan. 4. Two Plots of Open Land measuring 200 Sq.Yds each belonging to Sri Ch.N.K.D. Prasad, situated at D.No.40-1/1-14E, NTS Nos. 42&43 Rev Ward No.11, Block No.2, Adj to SVR Neuro Hospital, Mogalrajapuram, Vijayawada 5. Open plot of land measuring 288-8/9 sq.yds. belonging to Sri CHNKD Prasad located at 33-10-17, Sreenivasa Rao Street, Seetharamapuram, Vijayawada. 6. Six storeyed RCC Roof Building situated in Door No.2-23-1/3, Plot No.3, Sy.No.148, Kukatpally, Balanagar mandal, RR District with appurtenant site of 622.83 Sq. Yds, in the name of Sri Ch.Suhas Reddy (304 Sq.Yds.), S/o Shyam Sundar Reddy and in the name of Smt. Ch. Vijaya (318.83 Sq.Yds.), W/o Shyam Sunder Reddy. 7. Open plot of land admeasuring 600Sq. Yds belonging to Sri Nammi Ramgopal in Plot No.19 , Ward No.8, Block No.5, Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No.7, 7/1, 8 to 12 Registered at SRO, Champapet vide TD No.3335/08

		dated 31.03.2008 8. Open plot of land admeasuring 872 Sq. Yds belonging to Sri Nammi Ramgopal in Plot No.18, Ward No.8, Block No.5, Adjacent to Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No.7, 7/1, 8 to 12 Registered at SRO, Hyderabad East vide TD No.2485/02 dated 11.04.2002 9. Open plot of land admeasuring 222 Sq. Yds belonging to Sri Nammi Ramgopal in Plot No.18/B, Ward No.8, Block No.5, Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No. 7, 7/1, 8 to 12 Registered at SRO, Champapet vide TD No.5402/08 dated 29.05.2008. 10. Open plot of land admeasuring 1283 Sq. Yds belonging to Sri Nammi Ramgopal in Ward No.8, Block No.5, Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No.9, 10, 11 & 12 Registered at SRO, Champapet vide TD No.3849/97 dated 01/09/1997 (ii) Lien on Fixed Deposit for an amount of ₹ 5.00 Lakhs in the name of the promoter directors /company (iii) Additional collateral of urban landed property worth. ₹ 825.00 Lakhs on which equitable mortgage should be created by 30.09.2012 **<u>Personal Guarantees:</u>** 1. Sri Chalavadi Naga Kanaka Durga Prasad S/o C. Krishna Murthy 2. Smt Jhansi Rani W/o C.N.K.D.Prasad 3. Sri Annam Kalyan Srinivas S/o A Chandra Sekhar 4. Sri Annam Subhash Chandra Mohan S/o A, Chandra Sekhar 5. Smt. Perumalla Dhanalakshmi W/o Late Hanumanta Rao 6. Shri Chalavadi DK Durga Rao S/o C Krishna Murthy 7. Smt.Annam Suchitra W/o A Kalyan Srinivas 8. Smt. Annam Soujanya w/o A Subhash Chandra Mohan 9. Shri Annam Venkata Rajesh S/o A Chandra Sekhar 10. Shri.CH.Suhas Reddy S/o Ch.Shyam Sunder Reddy * 11. Smt. Ch. Vijaya W/o Ch.Shyam Sunder Reddy * 12. Sri Nammi Ramgopal S/o Late N Bhakthavatsala Rao * * The Guarantee of Sri CH Suhas Reddy, Smt CH Vijaya and Sri N Ramgopal shall be limited to the extent of value of the property in their name. b) **<u>Rate of Interest:</u>** Term Loans III, IV,6 & 7: @ 3.10% above Base Rate Term Loans 5: @ 3.20% above Base Rate **c) <u>Terms of Repayment:</u>** **Term Loan - III:** This Loan is repayable in 48 monthly instalments of ₹9.14 Lakhs each commencing from April' 2009 **Term Loan - IV:** This Loan is repayable in 12 Quarterly instalments (as detailed below) commencing from April' 2011: 11 quarterly instalments of ₹23.00 Lakhs each 1 quarterly instalments of ₹22.00 Lakhs each **Term Loan - V:** This Loan is repayable in 36 Quarterly instalments (as detailed below) commencing from July' 2011: 3 quarterly instalments of ₹13.00 Lakhs each 4 quarterly instalments of ₹13.00 Lakhs each 4 quarterly instalments of ₹15.00 Lakhs each 4 quarterly instalments of ₹17.00 Lakhs each 4 quarterly instalments of ₹20.00 Lakhs each 4 quarterly instalments of ₹23.00 Lakhs each 4 quarterly instalments of ₹26.00 Lakhs each 4 quarterly instalments of ₹30.00 Lakhs each 4 quarterly instalments of ₹35.00 Lakhs each 1 quarterly instalment of ₹29.00 Lakhs each **Term Loan - 6:** This Loan is repayable in 18 Quarterly instalments (as detailed below) commencing from Oct' 2012: 18 quarterly instalments of ₹ 23.33 Lakhs each **Term Loan - 7:** This Loan is repayable in 15 Quarterly instalments (as detailed below)

		commencing from July' 2013: 15 quarterly instalments of ₹ 65.33 Lakhs each
b.	**Cash Credit**	**a) <u>Security:</u>** **<u>Primary Security:</u>** Hypothecation of stocks, receivables and other current assets of the company on paripassu basis alongwith the other bank in the MBA **<u>Collateral Security:</u>** Further secured by above referred collateral securities for Term Loans availed from State Bank of India **<u>Personal Guarantees:</u>** Further secured by above referred personal Guarantees for Term Loans availed from State Bank of India **b) <u>Rate of Interest:</u>** Cash Credit from SBI: @ 3.00% above Base Rate Standby Line of Credit from SBI: @ 4.00% above Base Rate **c) <u>Terms of Repayment:</u>** Working Capital Loans repayable on demand.

State Bank Of Hyderabad		
c.	**Cash Credit**	**a) <u>Security:</u>** **<u>Primary Security:</u>** Paripassu charge on the current assets with State Bank of India Pledge of TDR of ₹180.00 Lakhs **<u>Collateral Security:</u>** Further secured by Land 1192 Sq.Yds., with shed admeasuring 184.572 Sq.Mts .belonging to M/s. Colorsoft, represented by its proprietor Sri M. Haribabau. **<u>Personal Guarantees:</u>** Personal guarantees of Sri CHNKD Prasad, Smt. CH Jhansi Rani, Sri Annam Kalyan Srinivas, Sri Annam Subhash Chandra Mohan and Third party guarantee of Sri M. Haribabu **b) <u>Rate of Interest:</u>** Cash Credit from SBH: @ 0.25% above PLR Standby Line of Credit from SBH: @ 1.00% above CC Interest **c) <u>Terms of Repayment:</u>** Working Capital Loans repayable on demand.
Kotak Mahindra Bank		
d.	**Over Draft Facili**	**a) <u>Security:</u>** **<u>Primary Security:</u>** Hypothecation of all credit card receivables of the company, both present and future. **<u>Additional Security:</u>** The Guarantors (Naga Kanaka Durga Prasad, CH D K Durgarao and Annam Kalyan Srinivas) shall in lieu of repayment of the loan and discharge of the liabilities in respect of the facilities sanctioned by the bank to the borrower, provided the bank at least 1(number) additional cheques drawn in favour of the bank totaling to ₹ 750 Lakhs **<u>Personal Guarantees:</u>** CH N K D Prasad, CH D K Durga Rao and A.Kalyan Srinivas should stand as personal guarantors **b) <u>Rate of Interest</u>**: Amortized Overdraft from Kotak Mahindra Bank: @ 5.00% above Base Rate **c) <u>Terms of Repayment:</u>** This Loan is repayable in fortnightly installments and the balance tenure of loan i 4 months from the balance sheet date
Vehicle Loans from Banks:		
HDFC Bank Ltd		
e.	**Innova Car Loan**	**a) <u>Security:</u>** Hypothecation of "TOYATA INNOVA" **b) <u>Rate of Interest:</u>** 9.40% per annum

		c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.34594 Lakhs each Commencing from June, 2010
f.	**Honda City Car Loan**	a) **Security:** Hypothecation of "HONDA CITY" b) **Rate of Interest:** 10.75% per annum c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.25995 Lakhs each Commencing from Feb, 2011
g.	**Volkswagon Vento Car Loan**	a) **Security:** Hypothecation of "VOLKS WAGEN VENTO" b) **Rate of Interest:** 10.75% per annum c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.24055 Lakhs each commencing from Feb, 2011
h.	**Winger Van Loan**	a) **Security:** Hypothecation of "TATA WINGER" b) **Rate of Interest:** 12.02% per annum c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.16645 Lakhs each Commencing from Aug, 2010
i.	**TATA Etios**	a) **Security:** Hypothecation vide " Loan Agreement No: 22241352 " b) **Rate of Interest:** 11.00% per annum c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.19854 Lakhs each Commencing from Sept, 2012.
j.	**Toyota Fortuner**	a) **Security:** Hypothecation vide " Loan Agreement No: 22093356 " b) **Rate of Interest:** 10.25% per annum c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.64220 Lakhs each Commencing from Aug,2012
ING VYSYA Bank Ltd		
k.	**Innova Car Loan**	a) **Security:** Hypothecation of "TOYATA INNOVA" b) **Rate of Interest:** 10.38% per annum c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.36664 Lakhs each commencing From July, 2011
l.	**Innova Car Loan**	a) **Security:** Hypothecation of "TOYATA INNOVA" b) **Rate of Interest:** 11.50% per annum c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.38813 Lakhs each commencing from Mar, 2012
m	**Toyota Fortuner Car Loan**	a) **Security:** Hypothecation of "TOYATA FORTUNER" b) **Rate of Interest:** 9.75% per annum c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.53691 Lakhs each commencing from Nov, 2010
Kotak Mahindra Bank Ltd		
n.	**Nissan Sunny XL**	a) **Security:** Hypothecation of "NISSAN SUNNY XL" b) **Rate of Interest:** 11.08% per annum c) **Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.24103 Lakhs each commencing from May,2012
o.	**Innova VX 7S**	a) **Security:** Hypothecation of "INNOVA VX 7S"

		b) Rate of Interest: 10.79% per annum **c) Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.40380 Lakhs each commencing from Sept,2012
p.	**Wagnor LXI CNG**	**a) Security:** Hypothecation of "WAGNOR LXI CNG" **b) Rate of Interest:** 11.74% per annum **c) Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.13240 Lakhs each commencing from Sept,2012
q.	**Hyundai NEO Elantra CRDI 1.6 SX AT**	**a) Security:** Hypothecation of "HYUNDAI NEO ELANTRA CRDI 1.6 SX AT" **b) Rate of Interest:** 10.70% per annum **c) Terms of Repayment:** This Loan is repayable in 36 monthly installments of ₹0.46750 Lakhs each commencing from Oct,2012

12. **Contingent Liabilities**

a) The Company has received the Assessment Order (for 9 months i.e. post conversion under Part-IX of the Companies act) dated. 25.11.2011 for AY 2009-10 of ₹ 39.14 Lakhs and another assessment order (3 months i.e. pre conversion period as partnership firm) dated. 21.12.2011 of ₹ 2.87 Lakhs. The total demand as per said 2 assessment orders is for AY 2009-10 of ₹ 42.01 Lakhs. The Income tax liability including interest for AY 2009-10 as per the books is ₹ 24.52 Lakhs and the difference in income tax liability including interest as per the books and as per the assessment orders is of ₹ 17.50 Lakhs. The company has applied u/sec 154 of Income Tax Act, 1961, for ₹ 3.45 Lakhs vide letter dated 03.07.2012 and ₹ 14.05 Lakhs has been recognized in the books of accounts in Financial Year 2011-12.

b) The company has given a Corporate Guarantee for ₹ 2200.00 Lakhs to State Bank of India for the loans sanctioned to M/s Sai Swarnamandir Jewellers (P) Limited.

c) Our Company has filed a Writ Petition dated 30.08.2010 before the Humble High Court of Karnataka against Union of India and Department of Service Tax, Bengaluru. The landlords had demanded the service tax for the retail outlets at Bengaluru leased to the company, but monetary claim is not ascertainable.

13. In the opinion of the Board, current assets, loans and advances are stated at a value, which could be realized in the ordinary course of business. The provision for all known liabilities made is adequate and not in excess of the amount reasonably necessary.

14. Some of the balances in Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation, reconciliations and adjustments if any, which in the opinion of the management will not be significant

15. These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous period figures have been recasted / restated to conform to the classification of the current period.

16. The figures of the previous year are re-grouped / re-classified wherever necessary to make them comparable with that of the current year.

Annexure 6

NOTES TO ADJUSTMENTS IN THE RESTATED ACCOUNTS

Notes to Statement of Assets and Liabilities, as restated in annexure I and Statement of Profits and losses, as restated in Annexure II

1.

(a) The Summary of results of net adjustments / rectifications made in the audited accounts of the respective year and its net impact on assets and liabilities is given below

(₹ In Lakhs)

Cumulative effect of above increase / (decrease) in statement of assets and liabilities	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Securities Premium	0.00	0.00	0.00	0.00	0.00	143.00	143.00
Profit and Loss Account	0.00	156.96	302.28	588.43	1428.88	2566.78	3299.32
Reserves & Surplus As per audited Balance Sheet	**Nil**	**156.96**	**302.28**	**588.43**	**1428.88**	**2709.78**	**3442.32**
Changes in accounting policies / correction of accounting policies							
Changes In Restated Financials							
Accumulated Depreciation Dec./(Inc.)	Nil	-	-	-	-	-	-
Provision For Tax Dec./(Inc.)	Nil	-	-	-	-	-	-
Miscellaneous Expenditure W/off Inc./ (Dec)	Nil	-	-	(0.99)	(0.99)	(0.99)	(0.99)
Provision For Gratuity Dec./(Inc.)	Nil	-	8.77	8.77	8.77	8.77	8.77
Depreciation Tax law to Company Law (SLM basis) Dec./(Inc.)	Nil	(22.27)	-	-	-	-	-
On account of Deferred Tax Liability Dec./(Inc.)	Nil	7.57	-	-	-	31.34	(0.00)
On account of Income Tax Dec./(Inc.)	Nil	(53.35)	(2.98)	(2.64)	(2.64)	(2.64)	(2.64)
On account of Fringe Benefit Tax Dec./(Inc.)	Nil	(3.55)	(3.55)	(3.55)	(3.55)	(3.55)	(3.55)
Impact on Reserves & Surplus Inc./ (Dec)	**Nil**	**(71.60)**	**2.24**	**1.59**	**1.59**	**32.93**	**1.59**
Net Reserves & Surplus as restated Balance sheet Statement	**Nil**	**85.36**	**304.52**	**590.02**	**1430.47**	**2742.71**	**3443.91**

(b) The Summary of results of net adjustments / rectifications made in the audited accounts of the respective year and its net impact on Profit and Loss Account is given below

(₹ In Lakhs)

Cumulative effect of above increase / (decrease) in statement of Profit/Loss	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Profit / Loss As per Audited Profit & Loss A/c	**153.61**	**156.96**	**145.32**	**403.15**	**840.45**	**1137.90**	**732.54**
Changes in accounting policies/correction of accounting policies							
Changes In Restated Financials							
Other Expenses							
On account of Miscellaneous	-	-	-	(0.99)	-	-	-

Expenditure w/off Inc./ (Dec)							
Provision for Tax							
On account of Income Tax Dec./(Inc.)	(38.20)	(53.35)	50.37	0.34	-	-	(0.00)
On account of Fringe Benefit Tax Dec./(Inc.)	(7.46)	(3.55)	-	-	-	-	-
On account of Deferred Tax Liability Dec./(Inc.)	(3.37)	7.57	(7.57)	-	-	31.34	(31.34)
Prior Period Items							
On account of Depreciation as per Income Tax Law to Company Law (SLM basis)	9.91	(22.27)	22.27	-	-	-	-
On account of Provision of Gratuity Dec./(Inc.)	(4.72)	-	8.77	-	-	-	-
Impact on Profit or Loss Inc./ (Dec)	**(43.84)**	**(71.60)**	**73.84**	**(0.66)**	**0.00**	**31.34**	**(31.34)**
Net profit or (loss) after tax as restated in profit or loss a/c	**109.78**	**85.36**	**219.16**	**402.49**	**840.45**	**1169.25**	**701.20**

Material Regroupings

1. **Other Income**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**0.00**	**0.00**	**0.00**	**14.93**	**94.64**	**102.84**	**40.62**
Changes In Restated Financials							
Regrouped from Administrative Expenses	149.18	0.79	81.69	75.81	0.00	0.00	0.00
As per Restated Accounts	**149.18**	**0.79**	**81.69**	**90.75**	**94.64**	**102.84**	**40.62**

2. **Personnel Expenses**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Salaries and Other Benefits					454.73		
Contribution to Provident Fund, ESI, Gratuity					33.25		
Changes in Restated Financials							
Regrouped to Employee Benefits Expense	-	-	-	-	(484.88)	-	-
Regrouped to Aministrative Expenses Director's Sitting fee					(3.10)		
As per Restated Accounts	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

3. **Staff Cost**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Salaries and Other Benefits				313.60			
Contribution to Provident Fund, ESI, Gratuity				30.30			
Changes in Restated Financials							
Regrouped to Employee Benefits Expense	0.00	0.00	0.00	(343.90)	0.00	0.00	0.00
As per Restated Accounts	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

4. **Employee Benefits Expense**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts						**551.49**	**445.24**
Changes In Restated Financials							
Included in Admin Expenses	253.49	151.61	285.31	0.00	0.00	0.00	0.00
Direc'or's / Part'er's Remuneration	12.25	16.86	51.75	59.00	0.00	0.00	0.00
Regrouped from Staff Cost				343.90	-	-	-
Regrouped from Personnel Expenses					484.88	-	-
As per Restated Accounts	**265.74**	**168.47**	**337.06**	**402.90**	**484.88**	**551.49**	**445.24**

5. **Directors / Partners Remuneration**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**12.25**	**16.86**	**51.75**	**62.30**	**0.00**	**0.00**	**0.00**
Changes In Restated Financials							
Regrouped to Employee Benefits Expense	(12.25)	(16.86)	(51.75)	(59.00)	0.00	0.00	0.00
Regrouped to Admin Expense (Directors Sitting Fee)	0.00	0.00	0.00	(3.30)	0.00	0.00	0.00
As per Restated Accounts	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

6. **Other Expenses**

A. **Administrative Expenditure**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**556.71**	**435.04**	**1011.73**	**966.71**	**1258.49**	**1476.66**	**947.77**
Changes in Restated							

Financials							
On account of Other Income	149.18	0.79	81.69	75.81	-	-	-
On account of Employee Benefit expenditure	(253.49)	(151.61)	(285.31)	-	-	-	-
On account of selling and distribution exp.	(6.73)	-	-	-	-	-	-
On account of Directors/Partners remuneration	-	-	-	3.30	-	-	-
On account of Personnel Expenses	-	-	-	-	3.10	-	-
Obsolete, Damaged and non-moving stock W/off	-	-	-	667.84	-	-	-
Loss on Sale of Asset	-	-	-	-	3.84	-	-
Total (A)	**445.67**	**284.22**	**808.11**	**1713.66**	**1265.43**	**1476.66**	**947.77**

B. Selling & Distribution Expenditure

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**602.13**	**294.75**	**1264.93**	**1094.18**	**1958.92**	**1635.75**	**939.02**
Changes in Restated Financials							
Regrouped Admin. Expenditure	6.73	-	-	-	-	-	-
Total (B)	**608.86**	**294.75**	**1264.93**	**1094.18**	**1958.92**	**1635.75**	**939.02**

C. Preliminary Exp. Written Off

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Preliminary Exp. Written Off Total (C)	**0.00**	**0.00**	**0.71**	**1.70**	**9.01**	**18.13**	**15.15**
Total Other Expenses (A+B+C)	**1054.53**	**578.97**	**2073.75**	**2809.54**	**3233.36**	**3130.54**	**1901.94**

7. Finance Costs

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**214.95**	**95.29**	**449.84**	**543.85**	**668.97**	**1095.79**	**790.01**
Changes in Restated Financials							
Regrouped Admin. Expenditure	-	-	-	-	-	-	-
Regrouped from extraordinary expenditure							
Forex Loss on WCFTL Loan	-	-	-	31.50	-	-	-
Chit Loss	-	-	-	11.40	-	-	-
Interest on IT, FBT & Wealth Tax	-	-	-	24.56	34.39	-	-
As per Restated Accounts	**214.95**	**95.29**	**449.84**	**611.31**	**703.37**	**1095.79**	**790.01**

8. **Extraordinary Items**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**0.00**	**0.00**	**0.00**	**67.46**	**34.39**	**0.00**	**0.00**
Regrouped to Finance Costs	0.00	0.00	0.00	(67.46)	(34.39)	0.00	0.00
As per Restated Accounts	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

9. **Non Current Investments**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**5.48**	**3.89**	**30.07**	**3.00**	**0.00**	**0.00**	**0.00**
Regrouped to Loans and Advances	(5.48)	(3.89)	(27.07)	-	-	-	-
Regrouped from Deposits (Others)	3.00	3.00	-	-	-	-	-
As per Restated Accounts	**3.00**	**3.00**	**3.00**	**3.00**	**0.00**	**0.00**	**0.00**

10. **Long Term Loans and Advances**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**-**	-	-	-	-	**40.97**	**359.69**
Capital Advances Restated	0.00	2.32	5.57	8.43	50.72	0.00	-
Advance Tax & TDS Restated	0.00	0.00	0.00	32.23	32.73	0.00	-
Other Loans & Advances	0.00	0.00	0.00	0.00	182.83	0.00	-
Regrouped Creditors	-	7.62	-	0.27	-	**-**	-
As per Restated Accounts	**0.00**	**9.94**	**5.57**	**40.93**	**266.28**	**40.97**	**359.69**

11. **Prepaid Expenditure**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**236.87**	**-**	**4.84**	**5.37**	**9.38**	**0.00**	**0.00**
Regrouped loans and Advances	-	-	-	-	-	-	-
Regrouped to Short Term Loans and Advances	(236.87)	-	(4.84)	(5.37)	(9.38)	-	-
As per Restated Accounts	**0.00**	**-0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

12. **Other Non Current Assets**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts						**737.18**	**895.74**
Regrouped from Misc. Exp. Not W/off (Unamortised Expense)	0.00	0.00	13.45	32.59	34.62	0.00	0.00
Non Provision in				(0.99)	(0.99)	(0.99)	(0.99)

Accounts (Unamortised Expense)							
Regrouped from Deposits	333.34	423.16	450.86	443.09	519.74	0.00	0.00
As per Restated Accounts	**333.34**	**423.16**	**464.31**	**474.69**	**553.37**	**736.18**	**894.74**

13. **Trade Receivables**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**156.21**	**163.47**	**454.24**	**402.13**	**84.89**	**114.24**	**105.97**
Regrouped to Other Current Assets	0.00	0.00	0.00	0.00	(1.08)	0.00	0.00
As per Restated Accounts	**156.21**	**163.47**	**454.24**	**402.13**	**83.81**	**114.24**	**105.97**

14. **Cash and Bank Balance**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts							
Cash and Bank Balances (A)							
Cash on Hand	171.08	22.53	17.43	24.84	39.14	47.13	46.75
Balances with banks							
In Current Accounts	119.68	108.20	42.34	81.21	75.99	35.80	38.49
Cheques, Drafts on hand							6.58
Total (A)	**290.76**	**130.73**	**59.77**	**106.05**	**115.13**	**82.93**	**91.82**
Other Bank Balances (B)							
In fixed deposit accounts having original maturity less than one year						205.24	220.62
Regrouped from Deposits							
In fixed deposit accounts having original maturity less than one year	2.00	2.00	2.20	2.20	187.20	0.00	0.00
Total (B)	**2.00**	**2.00**	**2.20**	**2.20**	**187.20**	**205.24**	**220.62**
As per Restated Accounts (Total A+B)	**292.76**	**132.73**	**61.97**	**108.25**	**302.33**	**288.17**	**312.44**

15. **Short Term Loans and Advances**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**67.59**	**768.84**	**74.33**	**105.65**	**373.48**	**336.49**	**883.59**
Regrouped to Long Term Loans & Advances	0.00	(2.32)	(5.57)	(40.66)	(266.28)	0.00	0.00
Regrouped to Investments							
Regrouped from	5.48	3.89	27.07	0.00	0.00	0.00	0.00

Investments							
Regrouped from Prepaid Expenditure	236.87	0.00	4.84	5.37	9.38	0.00	0.00
Regrouped Creditors	164.88	327.50	475.50	13.56			
As per Restated Accounts	**474.82**	**1097.91**	**576.16**	**83.92**	**116.58**	**336.49**	**883.59**

16. **Other Current Assets**

(₹.in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts						**8.95**	**10.40**
Regrouped from Trade Receivables	-	-	-	-	1.08	-	-
As per Restated Accounts	**-**	**-**	**-**	**-**	**1.08**	**8.95**	**10.40**

17. **Long Term Borrowings**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts						**807.26**	**917.32**
Term Loans - Restated	416.80	371.30	574.95	283.30	803.82		
Vehicle Loans - Restated	7.87	14.35	9.90	4.92	29.10		
As per Restated Accounts	**424.67**	**385.65**	**584.85**	**288.22**	**832.92**	**807.26**	**917.32**

18. **Other Long Term Liabilities**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts						**3.66**	**141.11**
Regrouped from Other Liabilities	9.60	9.60	9.60	9.60	3.15	**-**	**-**
As per Restated Accounts	**9.60**	**9.60**	**9.60**	**9.60**	**3.15**	**3.66**	**141.11**

19. **Long Term Provisions**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts						**53.47**	**63.97**
Regrouped from Provisions for Taxes & Duties / Other Liabilities	0.00	0.00	11.94	22.24	35.31	0.00	0.00
Non Provision in Accounts	8.77	8.77	(8.77)	0.00	0.00	0.00	0.00
As per Restated Accounts	**8.77**	**8.77**	**3.17**	**22.24**	**35.31**	**53.47**	**63.97**

20. **Short Term Borrowings**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts						**5839.94**	**8072.11**
Working Capital	729.83	1215.60	3692.27	3587.66	4505.98	0.00	0.00

Loans as Restated							
Unsecured Loans - as Restated	0.12	0.12	0.12	0.12	0.12	0.00	0.00
As per Restated Accounts	**729.95**	**1215.72**	**3692.39**	**3587.78**	**4506.09**	**5839.94**	**8072.11**

21. **Trade Payables**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**1003.43**	**2449.36**	**1135.67**	**576.40**	**1783.02**	**890.73**	**1265.58**
Regrouped from Other Liabilities	5.02	0.00	0.00	0.00	0.00	0.00	0.00
Regrouped to Other Current Liabilities	0.00	(20.46)	(114.85)	(106.30)	(2.90)	0.00	0.00
Regrouped Creditors	164.88	234.27	473.57	9.69			
As per Restated Accounts	**1173.34**	**2663.18**	**1494.39**	**479.79**	**1780.12**	**890.73**	**1265.58**

22. **Other Current Liabilities**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts						**996.88**	**1563.53**
Current Maturities of Term Loans, Amortised OD, Vehicle Loans	703.97	729.03	310.27	303.82	697.04	0.00	0.00
Interest Accrued & Due on Loans	0.00	0.00	0.00	0.00	24.02	0.00	0.00
Advances received from customers	0.00	0.00	0.00	1.59	2.90	0.00	0.00
Other Payables	77.30	31.18	230.67	159.05	556.16	0.00	0.00
Regrouped Creditors		100.85	1.93	4.14			
As per Restated Accounts	**781.27**	**861.06**	**542.87**	**468.60**	**1280.12**	**996.88**	**1563.53**

23. **Short Term provisions**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts						**414.72**	**727.25**
Provision for Taxes	20.00	1.12	134.33	282.49	414.76	0.00	0.00
Non Provision in Accounts	74.73	131.63	6.53	(2.64)	(2.64)	(2.64)	(2.64)
Provision for Dividend Distribution Tax	0.00	0.00	0.00	117.00	18.01	0.00	0.00
On account of Deferred Tax Liability (Previous Years)			(12.48)	(12.48)	(12.48)	(12.48)	(12.48)
On account of Depreciation (Previous Years)			36.98	36.98	36.98	36.98	36.98
As per Restated Accounts	**94.73**	**132.75**	**165.37**	**421.35**	**454.64**	**436.59**	**749.11**

c) **Notes to Adjustment in Restatement of Financials**

1 **Employee Benefit Expenses**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Regrouping of Employee Benefit Expenses	**265.74**	**168.47**	**337.06**	**402.90**	**484.88**	**551.49**	**445.24**
Provision for Gratuity	4.72	-	(8.77)	-	-	-	-
As per Restated Accounts	**270.46**	**168.47**	**328.28**	**402.90**	**484.88**	**551.49**	**445.24**

2 **Misc. Expenditure Exp. Written-off**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**-**	**-**	**0.71**	**0.71**	**9.01**	**-**	**-**
Adjustments on account of Restatement	-	-	-	0.99	0.00	-	-
As per Restated Accounts	**-**	**-**	**0.71**	**1.70**	**9.01**	**-**	**-**

3 **Depreciation**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	**47.08**	**-**	**93.82**	**116.31**	**132.00**	**232.99**	**149.74**
Restatement - SLM basis	37.17	-	-	-	-	-	-
Non-provision in Accounts	-	22.27	(22.27)	-	-	-	-
As per Restated Accounts	**37.17**	**22.27**	**71.56**	**116.31**	**132.00**	**232.99**	**149.74**

4 **Provision for Fringe Benefit Tax**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	-	-	8.10	-	-	-	-
Adjustments on account of Restatements	7.46	3.55	-	-	-	-	-
As per Restated Accounts	**(7.46)**	**(3.55)**	**8.10**	**-**	**-**	**-**	**-**

5 **Provision for Deferred Tax**

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	0.00	0.00	33.72	26.74	101.43	271.37	(8.16)
Adjustment on account of Restatement							
Depreciation as per IT Law	47.08	0.00	193.02	194.98	437.32	972.78	221.20
Depreciation as per	37.17	22.27	71.56	116.31	132.00	232.99	149.74

Restated Accounts (Company Law)							
Timing difference	9.91	(22.27)	121.47	78.68	305.32	739.79	71.45
Tax Rates	33.99%	33.99%	33.99%	33.99%	33.22%	32.45%	32.45%
Provision for the year / period	3.37	(7.57)	41.29	26.74	101.43	240.02	23.18
As per Restated Accounts	**3.37**	**(7.57)**	**7.57**	**0.00**	**0.00**	**(31.34)**	**31.34**

6 Provision for Income Tax

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	20.00	0.00	126.11	180.85	316.62	354.39	324.67
PBT as per Audited Accounts	173.61	156.96	313.25	610.74	1258.49	1771.27	1049.05
Adjustment on account of Restatement	5.19	(22.27)	31.04	(0.99)	0.00	0.00	0.00
PBT as per Restated Accounts	178.80	134.69	344.28	609.75	1258.49	1771.27	1049.05
Depreciation as per Company Law	37.17	22.27	71.56	116.31	132.00	232.99	149.74
Depreciation as per Income Tax Law	47.08	0.00	193.02	194.98	437.32	972.78	221.20
Disallowances / (Allowances)	2.34	0.00	0.00	0.00	0.00	60.80	23.08
Taxable Profit	171.24	156.96	222.82	531.07	953.18	1092.28	1000.67
Provision as per Restated Accounts	**58.20**	**53.35**	**75.74**	**180.51**	**316.62**	**354.39**	**324.67**

Annexure 7

STATEMENT OF SHARE CAPITAL, AS RESTATED

(₹ and Nos in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Authorised							
Equity Shares of ₹ 10/- each (Nos)	-	-	200.00	280.00	400.00	400.00	400.00
Equity Shares of ₹ 10/- each (₹)	-	-	2000.00	2800.00	4000.00	4000.00	4000.00
Issued, Subscribed and Fully paid up							
Equity Shares of ₹ 10/- each (Numbers)	-	-	200.00	200.00	200.00	202.20	202.20
Equity Shares of ₹ 10/- each (₹)	-	-	2000.00	2000.00	2000.00	2022.00	2022.00
Capital Account	1,448.56	1147.65					
Total	**1,448.56**	**1,147.65**	**2,000.00**	**2,000.00**	**2,000.00**	**2,022.00**	**2,022.00**

Notes:

a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period:

(Nos in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
At the beginning of the period	-	-	-	200.00	200.00	200.00	202.20
Subscription to MOA	-	-	100.00	-	-	-	-
Issued during the year	-	-	100.00	-	-	2.20	
Bought back during the year	-	-	-	-	-	-	
Outstanding at the end of the period	-	-	200.00	200.00	200.00	202.20	202.20

b) Rights, preferences and restrictions attached to shares:

The company has only one class of equity shares having a par value of ₹.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Increase of Authorised Share Capital:

The Company had increased its authorised share capital by ₹.1000.00 lakhs consisting of 1,00,00,000 shares of ₹.10/- each in the Extraordinary General Meeting held on March 26, 2009. The Company had increased its authorised share capital by ₹.800.00 lakhs consisting of 80,00,000 shares of ₹.10/- each in the Annual General Meeting held on July 3, 2009. The Company had increased its authorised share capital by ₹.1200.00 lakhs consisting of 1,20,00,000 shares of ₹.10/- each in the Extraordinary General Meeting held on February 17, 2011

d) Details of shares held by Shareholders holding more than 5 % of the shares in the company:

(Nos in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Number of equity shares:							
Chalavadi Naga Kanaka Durga Prasad	-	-	160.00	160.00	160.00	66.73	66.73
Chalavadi Jhansi Rani	-	-	19.00	19.00	19.00	47.52	47.52
Annam Kalyan Srinivas	-	-	14.00	14.00	14.00	14.15	14.15
Perumalla Dhanalaksh mi	-	-	-	-	-	29.32	29.32
Chalavadi Devamani	-	-	-	-	-	22.24	22.24
Chalavadi D K Durga	-	-	-	-	-	15.17	15.17

Rao							
% of holding:							
Chalavadi Naga Kanaka Durga Prasad	-	-	80.00%	80.00%	80.00%	33.00%	33.00%
Chalavadi Jhansi Rani	-	-	9.50%	9.50%	9.50%	23.50%	23.50%
Annam Kalyan Srinivas	-	-	7.00%	7.00%	7.00%	7.00%	7.00%
Perumalla Dhanalakshmi	-	-	-	-	-	14.50%	14.50%
Chalavadi Devamani	-	-	-	-	-	11.00%	11.00%
Chalavadi D K Durga Rao	-	-	-	-	-	7.50%	7.50%

e) Aggregate number and class of shares allotted as fully paid up for consideration other than cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

1. Share capital as at October 31, 2012 includes 1,00,00,000 equity shares of ₹.10/- each allotted at par for consideration other than cash, to partners on Part-IX conversion under the Companies Act, 1956 as detailed below: (Date of Allotment 03.07.2008)

Particulars	No. of Equity Shares (In Lakhs)	Face Value per share (₹)	% of holding
Chalavadi Naga Kanaka Durga Prasad	60.00	10.00	60.00%
Chalavadi Jhansi Rani	19.00	10.00	19.00%
Annam Kalyan Srinivas	14.00	10.00	14.00%
Annam Subash Chandra Mohan	4.00	10.00	4.00%
Annam Venkata Rajesh	1.00	10.00	1.00%
Annam Sowjanya	1.00	10.00	1.00%
Annam Suchitra	1.00	10.00	1.00%
Total	**100.00**		**100.00**

Annexure 8

STATEMENT OF ACCOUNTING RATIOS

(₹ in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Networth	1448.56	1233.01	2304.52	2590.02	3595.47	4764.71	5465.91
Less: Miscellaneous Expenses not written off	0.00	0.00	13.45	31.60	33.62	61.08	85.16
Net Worth (A)	1448.56	1233.01	2291.06	2558.42	3,561.84	4703.63	5380.75
Restated Profit after Tax (B)	109.78	85.36	219.16	402.49	840.45	1169.25	701.20
Annualised Profit (C)	-	-	304.52	-	-	-	-
No. of shares	1,00,00,000	1,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000	2,02,20,000	2,02,20,000

outstanding (D)							
Weighted average number of shares outstanding - (For Basic EPS) (E)	1,00,00,000	1,00,00,000	1,00,27,397	2,00,00,000	2,00,00,000	2,02,20,000	2,02,20,000
Basic / Diluted Earning Per Share (EPS) (B/D) (₹)	1.10	3.35	1.47	2.01	4.20	5.78	3.47
Annualised Basic / Diluted Earnings Per Share (EPS) (C/E) (₹)	-		3.04	-	-		
Return on Net Worth (%) (B/A*100)	7.58	-	12.84	15.73	23.60	24.86	13.03
Annualised Return on Net Worth (%) (C/A*100)		27.17	13.29				
Net Asset Value per Share (A/D)	14.49	12.33	11.46	12.79	17.81	23.26	26.61

Note:
Annualised Earning per Share (₹) = Net Profit after tax/Weighted average number of Equity Shares outstanding during the year
Net Asset Value per Share (in ₹) = Net Worth/Number of Equity Shares outstanding at the end of the year
Return on Net Worth (%) = Net Profit after tax X 100/Net worth Excluding Revaluation Reserve

1. The above ratios have been computed on the basis of the Restated Financial Information for the respective year/period.
2. The EPS and Return on Net Worth for the period upto July 2, 2008 and March 31, 2009 is calculated on annualised basis.
3. The Status of the Company prior to July 3, 2008 was that of a partnership firm. Hence, EPS and NAV per share have been computed for all the periods/years by considering number of shares outstanding as at July 3, 2008.
4. Earning per Share is computed in accordance with Accounting Standard (AS) 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Annexure 9

DIVIDEND

(₹.in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
On Equity Shares							
Fully Paid up Share Capital	Nil	10,00,00,000	20,00,00,000	20,00,00,000	20,00,00,000	20,22,00,000	20,22,00,000
Face	Nil	10.00	10.00	10.00	10.00	10.00	10.00

Value (₹)							
Paid up value per share (₹)	Nil	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend	Nil	Nil	Nil	5.00%	Nil	Nil	Nil
Total Dividend	Nil	Nil	Nil	100.00	Nil	Nil	Nil

Annexure 10

STATEMENT OF UNSECURED LOANS, AS RESTATED

(₹. in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Unsecured							
From Promoter, Promoter Group	-	-	-	-	-	-	350.00
From Associates	-	-	-	-	-	-	-
From relatives of directors	0.12	0.12	0.12	0.12	0.12	0.12	0.12
From Subsidiaries	-	-	-	-	-	-	-
Loan from outsiders	-	-	-	-	-	-	-
Total	**0.12**	**0.12**	**0.12**	**0.12**	**0.12**	**0.12**	**350.12**

Sr. No.	Name of the Related Party	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
1	Chalavadi Naga Kanaka Durga Prasad							125.00
2	Chalavadi DK Durga Rao							75.00
3	Chalavadi Krishna Murthy	0.12	0.12	0.12	0.12	0.12	0.12	0.12
4	Annam Kalyan Srinivas							150.00
	Total	**0.12**	**0.12**	**0.12**	**0.12**	**0.12**	**0.12**	**350.12**

Sr. No.	Name of the Related Party	Nature of relationship
1	Chalavadi Naga Kanaka Durga Prasad	Chairman & Managing Director
2	Chalavadi DK Durga Rao	Director
3	Chalavadi Krishna Murthy	Relative of Director
4	Annam Kalyan Srinivas	Whole Time Director

The Company has borrowed above unsecured loans on the following terms and conditions:

Sr. No.	Terms and Conditions	Particulars
1.	Rate of Interest	Nil
2.	Security	Unsecured
3.	Terms of Repayment	Repayable on Demand

Annexure 11

STATEMENT OF PROVISIONS, AS RESTATED

(₹.in Lakhs)

Particulars	31.03.08		02.07.08		31.03.09		31.03.10		31.03.11		31.03.12		31.10.12	
	Long Term	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**
Provision for Gratuity	8.77	-	8.77	-	3.17	-	22.24	-	35.31	-	53.47	-	63.97	-
Provision for Income Tax		94.73		132.75		165.37		304.35		436.62		434.21		746.74
Provision for Dividend Distribution Tax		0.00		0.00		0.00		117.00		18.01		2.38		2.38
Total	**8.77**	**94.73**	**8.77**	**132.75**	**3.17**	**165.37**	**22.24**	**421.35**	**35.31**	**454.64**	**53.47**	**436.59**	**63.97**	**749.11**

Annexure 12

CAPITALIZATION STATEMENT

(₹ In Lakhs)

Particulars	**Pre Issue as at October 31, 2012**	**Post Issue***
Debt :		
Secured		
Short term debt	8738.76	[●]
Long term debt	917.32	[●]
Total Secured Debt	**9656.08**	[●]
Unsecured		[●]
Short term debt	350.12	[●]
Total Debt	**10006.20**	[●]
Shareholders Funds		[●]
Equity Share Capital	2022.00	[●]
Reserves and Surplus	3443.91	[●]
Total	**5465.91**	[●]
Less Miscellaneous Expenditure not written off	**85.16**	[●]
Total Shareholders Funds	**5380.75**	[●]
Long Term Debt/ Shareholders' Funds	**0.17**	[●]
Total Debt / Shareholders Fund	**1.86**	[●]

Notes: Working Capital Limits, Current Maturities and Unsecured Loans are considered as short- term debts.
*The Post-issue debt–equity ratio will be computed on the conclusion of the book building process.

Annexure 13

STATEMENT OF TAX SHELTERS

(₹.in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12
Profit Before Tax as per restated	178.80	134.69	344.29	609.75	1258.49	1771.27
Tax rate						
-- Normal Tax rate	33.99%	33.99%	33.99%	33.99%	33.22%	32.45%
--Minimum Alternative Tax rate	11.33%	11.33%	11.33%	16.995%	19.93%	20.01%
Notional Tax at normal rates (A)	**60.78**	**45.78**	**117.02**	**207.25**	**418.04**	**574.69**
Permanent differences						
Other adjustments	(2.34)	-	-	-	-	(9.65)
Disallowances	-	-	-	-	-	-
TOTAL(B)	**(2.34)**	**-**	**-**	**-**	**-**	**(9.65)**
Timing Differences						
Difference between tax depreciation and book depreciation	9.91	(22.27)	121.47	78.68	305.32	739.79
Other adjustments	-	-	-	-	-	(51.15)
TOTAL(C)	**9.91**	**(22.27)**	**121.47**	**78.68**	**305.32**	**688.63**
Net Adjustments (B+C)	**7.57**	**(22.27)**	**121.47**	**78.68**	**305.32**	**678.98**
Brought forward losses set off (Depreciation)	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments after set off	7.57	(22.27)	121.47	78.68	305.32	678.98
Tax expense/(savings) thereon (D)	2.57	(7.57)	41.29	26.74	101.42	220.30
Total Taxation (E = A-D)	**58.20**	**53.35**	**75.75**	**180.51**	**316.62**	354.39
Minimum Alternative Tax (MAT)	20.26	15.26	39.01	103.63	250.82	354.39
Tax Payable	58.20	53.35	75.75	180.51	316.62	354.39
Taxable Income	171.24	156.96	222.83	531.07	953.18	1092.28
Taxable Income as per MAT	**178.80**	**134.69**	**344.29**	**609.75**	**1258.49**	**1771.27**
Tax as per Tax Return	**40.94**	**53.35**	**72.75**	**180.85**	**316.62**	**354.39**

Annexure 14

Short term Borrowings, As Restated

(₹.in Lakhs)

Particulars	31.03.08	02.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Secured From Banks							
Loans Repayable on Demand							
Cash Credit from Banks							
State Bank of India	729.83	1215.60	2430.82	1280.88	2745.44	3369.69	6327.05
State Bank of Hyderabad	0.00	0.00	707.01	856.97	1173.14	1104.28	1192.49
Standby Line of Credit (SLC)							
State Bank of India	-	-	303.71	(0.00)	100.00	202.55	202.46
State Bank of Hyderabad	-	-	-	-	150.00	152.11	-

Adhoc Loan							
State Bank of India	-	-	250.74	1449.82	(0.00)	-	
FCNB Demand Loan							
State Bank of India	-	-	-	-	-	1011.20	
Amortised Overdraft							
Kotak Mahindra Bank							
Under Short Term Borrowings	-	-	-	-	337.39	0.00	0.00
Under Other Current Liabilities	-	-	-	-	375.00	424.80	549.07
Unsecured							
From Promoter & Promoter Group	-	-	-	-	-	-	350.00
From Associates	-	-	-	-	-	-	-
From relatives of directors	0.12	0.12	0.12	0.12	0.12	0.12	0.12
From Subsidiaries	-	-	-	-	-	-	
Loan from outsiders	-	-	-	-	-	-	
Total	**729.95**	**1215.72**	**3692.39**	**3587.78**	**4881.09**	**6264.74**	**8621.19**
The above amount includes							
Secured Borrowings	729.83	1215.60	3692.27	3587.66	4880.97	6264.62	8271.07
Unsecured Borrowings	0.12	0.12	0.12	0.12	0.12	0.12	350.12
Under Other Current Liabilities	0.00	0.00	0.00	0.00	(375.00)	(424.80)	(549.07)
Total	**729.95**	**1215.72**	**3692.39**	**3587.78**	**4506.09**	**5839.94**	**8072.11**

Note: For Principal Terms of Secured Loans and Assets Charged as Security, Refer Annexure 16

Sr. No.	Name of the Related Party	Nature of relationship
1	Chalavadi Naga Kanaka Durga Prasad	Chairman & Managing Director
2	Chalavadi DK Durga Rao	Director
3	Chalavadi Krishna Murthy	Relative of Director
4	Annam Kalyan Srinivas	Whole Time Director

The Company has borrowed the above unsecured loans on the following terms & conditions:

Sr. No.	Terms and Conditions	Particulars
1.	Rate of Interest	Nil
2.	Security	Unsecured
3.	Terms of Repayment	Repayable on Demand

Annexure 15
Long term Borrowings, As Restated

(₹.in Lakhs)

Particulars	31.03.08		02.07.08		31.03.09		31.03.10		31.03.11		31.03.12		31.10.12	
	Non-Current Portion	**Current Maturities**	**Non-Current Portion**	**Current Maturities**	**Non-Current Portion**	**Current Maturities**	**Non-Current Portion**	**Current Maturities**	**Non-Current Portion**	**Current Maturities**	**Non-Current Portion**	**Current Maturities**	**Non-Current Portion**	**Current Maturities**
Secured														
Term loan from Banks														
State Bank of India	416.80	693.21	371.30	716.70	574.95	302.54	283.30	298.39	803.82	304.77	784.00	259.05	866.75	425.07
Vehicle Loans from Banks	7.87	10.76	14.35	12.33	9.90	7.74	4.92	5.43	29.10	17.27	23.26	26.13	50.57	42.62
Total	**424.67**	**703.97**	**385.65**	**729.03**	**584.85**	**310.27**	**288.22**	**303.82**	**832.92**	**322.04**	**807.26**	**285.18**	**917.32**	**467.69**
The above amount includes														
Secured Borrowings	424.67	703.97	385.65	729.03	584.85	310.27	288.22	303.82	832.92	322.04	807.26	285.18	917.32	467.69
Unsecured Borrowings	-	-	-	-	-	-	-	-	-	-	-	-		
Amount disclosed under the head "Other Current Liabilities"	-	(703.97)	-	(729.03)	-	(310.27)	-	(303.82)	-	(322.04)	-	(285.18)		(467.69)
Total	**424.67**	**-**	**385.65**	**-**	**584.85**	**-**	**288.22**	**-**	**832.92**	**-**	**807.26**	**-**	**917.32**	**-**

Note: For Principal Terms of Secured Loans and Assets Charged as Security, Refer Annexure 16

Annexure 16

SECURED LOANS

(₹ In lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Term loan from Banks							
Under Long Term Borrowings	416.80	371.30	574.95	283.30	803.82	784.00	866.75
Under Other Current Liabilities	693.21	716.70	302.54	298.39	304.77	259.05	425.07
Amortised Over Draft from Banks							
Under Short Term Borrowings	0.00	0.00	0.00	0.00	337.39	0.00	0.00
Under Other Current Liabilities	0.00	0.00	0.00	0.00	375.00	424.80	549.07
Working Capital/Cash Credit from Banks							
Under Short Term Borrowings	729.83	1215.60	3692.27	3587.66	4168.58	5839.82	7722.00
Vehicle Loans from Banks							
Under Long Term Borrowings	7.87	14.35	9.90	4.92	29.10	23.26	50.57
Under Other Current Liabilities	10.76	12.33	7.74	5.43	17.27	26.13	42.62
Under Other Current Liabilities							
Interest Accrued and Due on Borrowings	0.00	0.00	0.00	0.00	24.02	14.30	14.76
Other Payables							
Installments Due	0.00	0.00	0.00	0.00	0.00	24.16	128.13
Total	**1858.47**	**2330.28**	**4587.39**	**4179.70**	**6059.96**	**7395.52**	**9798.97**

(₹ In lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Term loan from Banks	1110.01	1088.00	877.49	581.69	1122.16	1066.49	1375.05
Working Capital / Cash Credit from Banks	729.83	1215.60	3692.27	3587.66	4891.42	6279.64	8330.74
Vehicle Loan	18.63	26.68	17.63	10.35	46.37	49.39	93.19
Total	**1858.47**	**2330.28**	**4587.39**	**4179.70**	**6059.96**	**7395.52**	**9798.97**

Principal Terms of Secured Loans and Assets Charged as Security:

(₹ In Lakhs)

Name of the Lender	Facility	Sanctioned Limit	Balance O/s as on 31.10.2012	Rate of Interest	Repayment Schedule	Securities Offered	
State Bank of India	Term Loan - III	250.00*	30.16	3.10 % above Base Rate	48 monthly installments of ₹ 4.98 lakhs each	Primary For CC	Hypothecation of stocks, receivables and other current assets of the Company on paripassu basis alongwith the other bank in the MBA
	Term Loan – III	45.00*	5.69	3.10 % above Base Rate	48 monthly installments of ₹ 0.94 lakhs each	Primary Term Loan No. III, IV,V,6&7	First charge on fixed assets of the company both present and future including Equitable Mortgage on windmill properties as detailed below: 1. Private land admeasuring 4.40 acres of land in Survey No. 602, 802/4 and 803 of Pettikota Revenue Village (Kondamithipalli 2. Revenue land admeasuring 3.74 acres of land in Survey No 595 of Tummalapenta Revenue Village (Kondamithipalli)
	Term Loan – III	160.00*	25.02	3.10 % above Base Rate	48 monthly installments of ₹ 3.22 lakhs each		
	Cash Credit	6150.00	6327.05	3.00 % above Base Rate	On demand	Collateral: for CC/SLC/ Term loan III, IV & V	I. Equitable Mortgage of 10 properties belonging to Promoters & their friends and family members (as detailed below) 1. Commercial building situated at Door No.29-13-116, Mpl. ward No.24,Revenue Ward No.9, Block No.17, N.T.S.No.7 23, old assmt.No.21352, present Assmt. No. 21351, Kaleswararao Road, Governerpet, Vijayawada admeasuring 323 Sq.Yds, belonging to late Perumalla Hanumantha Rao, S/o Late Appa Rao (Represented by his legal heirs Smt.P. Dhanalakshmi and Ch. Jhansi Rani). 2. Residential Building situated in Old door No.33-16-14, Present Door No.33-16-17, Block N.T.S.No.795, 796 and 24, Old Assmt. No.7290, Present Assmt. No. 25006, Ramanadham street, Kasturibhai pet, Mogalrajapuram, Vijayawada admeasuring 586.40 Sq.Yds., belonging to Smt. P Dhanalakshmi, W/o Hanumantha Rao. 3. Open site measuring 332 Sq.Yds., vide Plot No.6, in Sy.No.87&90 T.S.No.13&14 Situated at Shaikpet Village & Mandal, Hyderabad belonging to Sri A Subhash Chandra Mohan
	Term Loan – IV	275.00	138.47	3.10 % above Base Rate	11Qtrly. @ ₹ 23.00 lakhs each 1 Qtr.@ ₹ 22.00 lakhs		
	Term Loan – V	784.00	726.76	3.20 % above Base Rate	3 Qtrly. @ ₹ 13.00 lakhs each 4 Qtrly. @ ₹ 13.00 lakhs each 4 Qtrly. @ ₹ 15.00 lakhs each 4 Qtrly. @ ₹ 17.00 lakhs each 4 Qtrly. @ ₹ 20.00 lakhs each 4 Qtrly. @ ₹ 23.00 lakhs each 4 Qtrly. @ ₹ 26.00 lakhs each 4 Qtrly. @ ₹ 30.00 lakhs each		

					4 Qtrly. @ ₹ 35.00 lakhs each 1 Qtr @ ₹ 29.00 lakhs		4. Two Plots of Open Land measuring 200 Sq.Yds each belonging to Sri Ch.N.K.D. Prasad, situated at D.No.40-1/1-14E, NTS Nos. 42&43 Rev Ward No.11, Block No.2, Adj to SVR Neuro Hospital, Mogalrajapuram, Vijayawada 5. Open plot of land measuring 288-8/9 sq.yds. belonging to CHNKD Prasad located at 33-10-17, Sreenivasa Rao Street, Vijayawada 6. Six storeyed RCC Roof Building situated in Door No 2-23-1/3, Plot No. 3, Sy. No. 148, Kukatpally, Balanagar Mandal, R.R. District with appurtenant site of 622.83 Sq.Yds, in the name of Sri Ch.Suhas Reddy (304 Sq.Yds), S/o Shyam Sundar Reddy and in the name of Smt. Ch.Vijaya (318.83 Sq.Yds). , W/o Shyam Sunder Reddy
	Term Loan – 6	420.00 **	304.50	3.10 % above Base Rate	18 Qtrly. @ ₹ 23.33 Lakhs Each		7. Open plot of land admeasuring 600Sq. Yds belonging to Sri Nammi Ramgopal in Plot No.19, Ward No.8, Block No.5, Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No. 7, 7/1, 8 to 12 Registered at SRO, Champapet vide TD No.3335/08 dated 31.03.2008
	Term Loan - 7	980.00 ***	144.46	3.10 % above Base Rate	15 Qtrly. @ ₹ 65.33 Lakhs Each		8. Open plot of land admeasuring 872 Sq. Yds belonging to Sri Nammi Ramgopal in Plot No.18, Ward No.8, Block Adjacent to Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No.7, 7/1 to 12 Registered at SRO, Hyderabad East vide TD No. 2485/02 dated 11.04.2002 9. Open plot of land admeasuring 222 Sq. Yds belonging to Sri Nammi Ramgopal in Plot No. 18/B, Ward No.8, Block No.5, Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No.7, 7/1, 8 to 12 Registered at SRO, Champapet vide TD No.5402/08 dated 29.05.2008.
State Bank of India	Stand by Line of Credit	200.00	202.46	4.00 % above Base Rate	On demand		10. Open plot of land admeasuring 1283 belonging to Sri Nammi Ramgopal No.8, Block No.5, Diamond

							Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No.9, 10, 11 & 12 Registered at SRO, Champapet vide TD No.3849/97 dated 01/09/1997 II. Lien on Fixed Deposit for an amount of ₹5.00 Lakhs in the name of Promoter / directors of the company. III. Additional collateral of urban landed property worth ₹ 825.00 Lakhs on which equitable mortgage should be created by 30.09.2012
						Guarantees:*	1. Sri CHNKD Prasad S/o C. Krishna Murthy 2. Smt. CH Jhansi Rani W/o C.N.K.D.Prasad 3. Sri Annam Kalyan Srinivas S/o A Chandra Sekhar 4. Sri Annam Subhash Chandra Mohan S/o A, Chandra Sekhar 5. Smt. Perumalla Dhanalakshmi W/o Late Hanumanta Rao 6. Shri Chalavadi DK Durga Rao S/o C Krishna Murthy 7. Smt. Annam Suchitra W/o A Kalyan Srinivas 8. Smt. Annam Soujanya w/o A Subhash Chandra Mohan 9. Shri Annam Venkata Rajesh S/o A Chandra Sekhar 10. .Shri.CH.Suhas Reddy S/o Ch.Shyam Sunder Reddy * 11. Smt. Ch. Vijaya W/o Ch.Shyam Sunder Reddy * 12. Sri Nammi Ramgopal S/o Late N Bhakthavatsala Rao * * The Guarantee of Sri CH Suhas Reddy, Smt CH Vijaya and Sri N Ramgopal shall be limited to the extent of value of the property in their name.
State Bank of Hyderabad	Cash Credit	1000.00	1192.49	0.25 % above PLR	On demand	Primary :	Pari passu charge over entire current assets with SBI
						Collateral :	Exclusive Landed Collateral Admeasuring 1192 Sq.Yds with shed admeasuring.184.572 Sq.Mts, belonging to Colorsoft, represented by its proprietor Sri Mr. Hari Babu (to the extent of value of collateral)
	Stand by Line of Credit	150.00	0.00	1.00 % above CC Interest	On demand	Pledge :	TDR of ₹ 180 Lakhs.
						Guarantors :	CHNKD Prasad, CH Jhansi Rani, Annam Kalyan Srinivas, Annam Subhash Chandra Mohan & Third party guarantee of Sri M. Haribabu (to the extent of value of collateral).
Kotak Mahindra Bank Ltd	Amortised Overdraft	749.38****	608.74	Base rate +5.00 %	Fortnight Installment to be deducted from the OD Limit and the entire Limit to	Primary Security:	Hypothecation of all credit card receivables of the company, both present and future
						Guarantees	Mr.Chalavadi.Naga kanaka Durga Prasad, Chalavadi D.k.Durga rao and Anam Kalyan Srinivas should stand as

					be repaid in 24 months. For additional loan of ₹ 140 lakhs sanctioned on July 28, 2011 the repayment has been fixed at 19 months, Fortnightly Installment.		Personal Gurantors.
						Additional Security:	The Guarantors (Naga Kanaka Durga Prasad, CH D K Durgarao and Annam Kalyan Srinivas) shall in lieu of repayment of the loan and discharge of the liabilities in respect of the facilities sanctioned by the bank to the borrower, provide the bank atleast 1(number) additional cheques drawn in favour of the bank totaling to ₹ 750.00 lakhs
HDFC Bank Ltd	Vehicle Loan	10.90	2.35	9.40 %	36 Monthly Installments of ₹ 0.34594 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA INNOVA" Vehicle acquired.
HDFC Bank Ltd	Vehicle Loan	5.06	1.43	12.02 %	36 Monthly Installments of ₹ 0.16645 lakhs each		This Vehicle loan is secured with hypothecation of "TATA WINGER" Vehicle acquired.
HDFC Bank Ltd	Vehicle Loan	8.04	3.63	10.75 %	36 Monthly Installments of ₹ 0.25995 lakhs each		This Vehicle loan is secured with hypothecation of "HONDA CITY "Vehicle acquired.
HDFC Bank Ltd	Vehicle Loan	6.12	5.78	11.00 %	36 Monthly Installments of ₹ 0.19854 lakhs each		Hypothecation of "CAR" vide Loan Agreement No. 22241352
HDFC Bank Ltd	Vehicle Loan	20.00	18.40	10.25 %	36 Monthly Installments of ₹ 0.64220 lakhs each		Hypothecation of "CAR" vide Loan Agreement No. 22093356
HDFC Bank Ltd	Vehicle Loan	7.44	3.36	10.75 %	36 Monthly Installments of ₹ 0.24055 lakhs each		This Vehicle loan is secured with hypothecation of "VOLKSWAGEN VENTO "Vehicle acquired.
ING VYSYA Bank Ltd	Vehicle Loan	16.70	6.12	9.75 %	36 Monthly Installments of ₹ 0.53691 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA FORTUNER" Vehicle acquired.
ING VYSYA Bank Ltd	Vehicle Loan	11.30	6.71	10.38 %	36 Monthly Installments of ₹ 0.36664 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA INNOVA" Vehicle acquired
ING VYSYA Bank Ltd	Vehicle Loan	11.77	9.49	11.50 %	36 Monthly Installments of ₹ 0.38813 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA INNOVA" Vehicle acquired
Kotak Mahindra Prime Ltd	Vehicle Loan	7.43	6.29	11.08 %	36 Monthly Installments of ₹ 0.24103 lakhs each		This Vehicle loan is secured with hypothecation of "NISSAN SUNNY" Vehicle acquired
Kotak Mahindra Prime Ltd	Vehicle Loan	4.00	3.81	11.74 %	36 Monthly Installments of ₹ 0.13240 lakhs each		This Vehicle loan is secured with hypothecation of "MARUTI WAGNOR" Vehicle acquired
Kotak Mahindra	Vehicle Loan	14.51	14.04	10.70 %	36 Monthly Installments of		This Vehicle loan is secured with hypothecation of "HYUNDAI

Prime Ltd					₹ 0.46750 lakhs each		ELANTRA" Vehicle acquired
Kotak Mahindra Prime Ltd	Vehicl e Loan	12.50	11.78	10.79 %	36 Monthly Installments of ₹ 0.40380 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA INNOVA" Vehicle acquired

*The total amount sanctioned for Term Loan III is ₹ 900.00 Lakhs but the amount disbursed for the same is ₹ 439.00 Lakhs.

** The Total amount sanctioned for Term Loan - 6 is ₹ .420.00 Lakhs but the amount disbursed for the same is ₹ 301.60 Lakhs

*** The Total amount sanctioned for Term Loan - 7 is ₹ .980.00 Lakhs but the amount disbursed for the same is ₹ 142.46 Lakhs

**** The original sanctioned limit was ₹ 750.00 Lakhs as per sanction letter dated January 25,2011 and was reduced to ₹ 609.38 Lakhs as on July 28,2011 after deducting the fortnightly instalment from the OD limit as per the sanction letter and an additional limit was sanctioned of ₹ 140.00 Lakhs on July 28, 2011

1. The balance outstanding as per Bank Statement for Overdraft (A/c No 05522980000851) of Kotak Mahindra Bank (KMB) is ₹ .214.14 Lakhs. The difference of ₹ 8.39 Lakhs is on account cash collected from various showroom by the Kotak Mahindra bank and credited on 1st of next month and ₹ 402.99 Lakhs cheques issued but not cleared.
2. The balance outstanding as per Bank Statement for Cash Credit (A/c No 30436750829) of State Bank of India (SBI) is. ₹ 6066.76 Lakhs. The difference of ₹ 260.29 Lakhs is on account cheques issued but not cleared.
3. The balance outstanding as per Bank Statement for Cash Credit account (A/c No.62090915318) of State Bank of Hyderabad (SBH) is ₹. 1012.49 Lakhs. The difference of ₹. 180.00 Lakhs is on accunt cheques issued but not cleared

Annexure 17

NON CURRENT INVESTMENTS, AS RESTATED

(₹. In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Long Term In Units (At Cost- Quoted)							
ICICI Prudential Equity Opportunities Fund – Retail Dividend	3.00	3.00	3.00	3.00	-	-	-
Long Term In Units (At Cost- Unquoted)	-	-	-	-	-	-	-
Total	**3.00**	**3.00**	**3.00**	**3.00**	**-**	**-**	**-**

Annexure 18

TRADE RECEIVABLES, AS RESTATED

(₹.in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Debt Outstanding for the period exceeding Six months							
Considered good	-	-	-	-	-	-	
Considered doubtful	-	-	-	-	-	-	
Less: Provision for doubtful debts	-	-	-	-	-	-	
Debt Outstanding less than six months							
From Promoter /Promoter Group	-	94.33	286.60	184.52	8.21	24.87	21.19
From Others	156.21	69.14	167.63	217.61	75.60	89.37	84.77
Total	**156.21**	**163.47**	**454.24**	**402.13**	**83.81**	**114.24**	**105.97**

Annexure 19
LOANS AND ADVANCES, AS RESTATED

(₹.in Lakhs)

Particulars	31.03.08		02.07.08		31.03.09		31.03.10		31.03.11		31.03.12		31.10.12	
	Long Term	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**
Capital Advances (Unsecured, Considered Good)	-	-	9.94	-	5.57	-	8.70	-	50.72	-	9.89	-	328.62	
Loans & Advances to related parties	-	-	-	422.64	-	467.01	-	3.83	-	10.67	-	-		420.02
Other Loans & Advances														
Loans & Advances to Employees & Others	-	54.07	-	54.91	-	65.66	-	43.75	182.83	64.02	-	216.90		403.89
Prepaid Expenses	-	236.87	-	243.69	-	4.84	-	5.37	-	9.38	-	46.96		37.56
Advance Income Tax (Unsecured, Considered good)	-	19.00	-	1.70	-	20.51	32.23	1.70	32.73	3.42	31.07	54.51	31.07	2.66
Advances to Suppliers Services / Expenses	-	164.88	-	367.35	-	18.14	-	29.28	-	29.11	-	18.12		19.46
Total	**0.00**	**474.82**	**9.94**	**1090.29**	**5.57**	**576.16**	**40.93**	**83.92**	**266.28**	**116.58**	**40.97**	**336.49**	**359.69**	**883.59**

Particulars	31.03.08	02.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Long Term Loans and Advances :							
From Promoter & Promoter Group (A)	-	-	-	-	-	-	
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	

From Others (B)							
Capital Advances		2.32	5.57	8.43	50.72	9.89	328.62
Capital Advances (Regrouped)		7.62		0.27			
Income Tax / TDS				32.23	32.73	31.07	31.07
Others					182.83		
Total (B)	**0.00**	**9.94**	**5.57**	**40.93**	**266.28**	**40.97**	**359.69**
Total (A+B)	**0.00**	**9.94**	**5.57**	**40.93**	**266.28**	**40.97**	**359.69**
Short Term Loans and Advances :							
From Promoter & Promoter Group (A)							
Travelling Advances				3.83	10.67		
Advance to Suppliers / Services / Exp.		357.54					420.02
Advance to Suppliers / Services / Exp. (Regrouped)		65.10	467.01				
Total (A)	**0.00**	**422.64**	**467.01**	**3.83**	**10.67**	**0.00**	**420.02**
From Others (B)							
Travelling Advances		8.49	0.63	2.14	3.73	2.99	7.56
Staff Advances	48.59	51.02	38.60	29.69	57.67	187.06	359.83
Advance to Suppliers / Services / Exp.		104.08	9.02	13.57	25.37	15.12	11.90
Advance to Suppliers / Services / Exp. (Regrouped)	164.88	254.78	8.49	13.57			
Income Tax / TDS	19.00	1.70	20.51	1.70	3.42	54.51	2.66
Prepaid Expenditure	236.87	243.69	4.84	5.37	9.38	46.96	37.56
Others	5.48	3.89	27.07	14.05	6.34	29.84	44.06
Total (B)	**474.82**	**667.65**	**109.15**	**80.09**	**105.91**	**336.49**	**463.57**
Total (A+B)	**474.82**	**1090.29**	**576.16**	**83.92**	**116.58**	**336.49**	**883.59**

Annexure 20

Other Non Current Assets, Other Current Assets, Other Long Term Liabilities and Other Current Liabilities, As Restated

(₹.in Lakhs)

Particulars	31.03.08	02.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Other Non Current Assets							
Unamortized Expense	0.00	0.00	13.45	31.60	33.62	61.08	85.16
Deposits	333.34	423.16	450.86	443.09	519.74	675.10	809.59
Total	**333.34**	**423.16**	**464.31**	**474.69**	**553.37**	**736.18**	**894.74**
Other Current Assets							
Other Receivables	0.00	0.00	0.00	0.00	1.08	8.95	10.40
Total	**0.00**	**0.00**	**0.00**	**0.00**	**1.08**	**8.95**	**10.40**
Other Long Term Liabilities							
Deposits Received	9.60	9.60	9.60	9.60	3.15	3.66	141.11
Total	**9.60**	**9.60**	**9.60**	**9.60**	**3.15**	**3.66**	**141.11**
Other Current Liabilities							
Current Maturities of Term Loans	693.21	716.70	302.54	298.39	304.77	259.05	425.07
Current Maturities of Vehicle Loans	10.76	12.33	7.74	5.43	17.27	26.13	42.62
Current Maturities of Amortized Overdraft	0.00	0.00	0.00	0.00	375.00	424.80	549.07
Interest Accrued and due on Borrowings	0.00	0.00	0.00	0.00	24.02	14.30	14.76
Advances received from Customers	0.00	0.00	0.00	1.59	2.90	2.52	3.16
Other Payables	77.30	31.18	230.67	159.05	556.16	270.08	528.84
Adjustment on account of Restatement							
Regrouped Creditors	0.00	100.85	1.93	4.14	0.00	0.00	0.00
Total	**781.27**	**861.06**	**542.87**	**468.60**	**1280.12**	**996.88**	**1563.53**

Annexure21

OTHER INCOME, AS RESTATED

(₹. In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Other Income, as Restated	149.18	0.79	81.69	90.75	94.64	102.84	40.62
Net profit / (loss) before tax, as restated	178.80	134.69	344.29	609.75	1258.49	1771.27	1049.05
Other Income as % of Net profit	83.43%	0.59%	23.73%	14.88%	7.52%	5.81%	3.87%
Recurring and Related	-	-	-	-	-	-	-
Recurring and Un-Related							
Rent / Reimbursement / Comm. Received from Shop in Shop Model / Lessee	149.18	0.49	73.00	75.81	81.08	54.41	23.66
Interest Received	-	-	6.58	0.28	6.12	21.18	10.60
Dividend Income Investments / Chits	-	0.30	1.75	6.73	4.80	2.40	0.53
Income from Power Generation							
Non-Recurring and Related							
Forex Gain on Export Sale						0.49	0.00
Non-Recurring and Un-Related Miscellaneous Income	-	-					
Miscellaneous Income			0.35	7.93	2.63	24.36	5.83
Total	**149.18**	**0.79**	**81.69**	**90.75**	**94.64**	**102.84**	**40.62**

Notes:

1. The classification of 'Other Income' as recurring / non-recurring to business activities is based on the current operations and business activities of the company as determined by the management
2. The figures disclosed above are based on summary statement of profit & losses, as restated, of the company.

Annexure 22

SEGMENT REPORTING

The Company has identified two reportable segments viz. Retail and Generation of power through windmill. Segments have been identified and reported taking into account nature of products and services. The accounting policies adopted for segment reporting are in line with accounting policy of the company with following additional policies for segment reporting.

a. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable"
b. Segment assets and Segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Segment information for the period March 31, 2012 and October 31, 2012 as per Accounting Standard 17 “Segment Reporting issued by the Institute of Chartered Accountants of India:

Business Segment

(₹ In Lakhs)

Particulars	Retail		Wind Power		Consolidated Total	
	31.03.2012	31.10.2012	31.03.2012	31.10.2012	31.03.2012	31.10.2012
Revenue						
External Sales	26252.45	16768.40	23.73	47.57	26276.19	16815.97
Inter Segment Sales						
Total Revenue	**26252.45**	**16768.40**	**23.73**	**47.57**	**26276.19**	**16815.97**
Results						
Segment result	2582.59	1654.67	(146.07)	(65.20)	2436.52	1589.47
Unallocated corporate expenses					(63.11)	(57.83)
Operating profit					2373.41	1531.64
Interest expense Unallocable					(704.99)	(523.21)
Other income					102.84	40.62
Income taxes					(602.02)	(347.85)
Profit from ordinary activities					1169.25	701.20
Extraordinary losses;					0.00	0.00
Profit for the Year					**1169.25**	**701.20**
Assets:						
Segment assets	12768.35	17265.33	1080.20	1042.78	13848.55	18308.10
Unallocated corporate assets					359.08	368.11
Total Assets					**14207.63**	**18676.22**
Liabilities:						
Segment liabilities	1574.87	2905.43	748.78	706.00	2323.65	3611.43
Unallocated corporate liabilities					11883.98	15064.78
Total Liabilities					**14207.63**	**18676.22**
Other Information:						
Capital Expenditure	296.13	811.16	578.09	0.00	874.21	811.16
Depreciation	165.47	102.41	67.53	47.34	232.99	149.74
Non Cash Expenditure other than Depreciation (Allocable)	0.00	1.54			0.00	1.54
Non Cash Expenditure other than Depreciation (Unallocable)					18.13	15.15

Geographic Segment:

The Company operates solely in one Geographic Segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required

Annexure 23

DETAILS OF RELATED PARTY TRANSACTIONS

Relationship:

Particulars	Relationship As At						
	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Sai Readymades	Associate	Associate	Associate	Associate	Associate	Associate	Associate
Sai Retail India	Associate	Associate	Associate	Associate	Associate	Associate	Associate
SSS Marketing	Associate	Associate	Associate	Associate	Associate	Associate	Associate
Sai Swarnamandir Jewellers Pvt Ltd	Associate	Associate	Associate	Associate	Associate	Associate	Associate
Sumaja Creations	Associate	Associate	Associate	Associate	Associate	Associate	Associate
K Factory							Associate
Kalamandir Foundation	Associate	Associate	Associate	Associate	Associate	Associate	Associate
Chalavadi Naga Kanaka Durga Prasad	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Chalavadi Jhansi Rani	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Chalavadi Mohana Durga Rao							Relative of Director
Chalavadi D K Durga Rao	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Annam Kalyan Srinivas	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Annam Subash Chandra Mohan	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Annam Venkata Rajesh	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Annam Sowjanya	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Annam Suchitra	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Chalavadi Krishna Murthy	Relative of Director	Relative of Director	Relative of Director	Relative of Director	Relative of Director	Relative of Director	Relative of Director

(₹ in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Associate:							
Finance							
a. **Loans Accepted**	0.00	0.00	0.00	0.00	0.00	0.00	0.00

b. **Loans repaid**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. **Loans given**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d. **Trade Deposit accepted**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e. **Trade Deposit refunded**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f. **Interest Paid**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
g **Share Application Money received**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
h. **Share Application Money refund**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i. **Share Alloted**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commission Paid / Received							
SSS Marketing	-	-	-	-	14.60	21.72	16.11
Rental Payment/Receipt							
Sai Retail India (Rent on Car)					1.60	4.80	2.80
Purchase							
Sumaja Creations (Advt.)	181.21	93.55	516.10	348.29	451.23	535.65	194.01
Sai Readymades	514.57	72.02	635.54	741.32	421.31	299.15	0.00
Sai Swarnamandir Jewellers (P) Ltd.	509.31	1637.81	839.88	7744.07	9794.34	9753.61	6364.59
Sai Retail India	0.00	0.00	871.52	5241.59	10172.93	9024.05	7547.50
SSS Marketing	0.00	0.00	0.00	171.79	0.00	0.00	0.00
K Factory							15.86
Sales							
Sai Swarnamandir Jewellers (P) Ltd.	22.40	0.00	0.00	0.00	0.00	0.00	0.00
Sai Readymades	0.00	0.00	250.38	0.00	0.00	0.00	0.00
SSS Marketing	0.00	0.00	250.66	975.79	0.00	0.00	0.00
Sub-Lease							
Sai Retail India	0.00	0.00	(2.70)	(10.80)	(10.80)	(10.80)	(6.30)
Sai Retail India (Rent on Furniture)	0.00	0.00	0.00	0.00	0.00	(5.00)	(3.50)
Corporate Guarantee*							
Sai Swarnamandir Jewellers (P) Ltd.					2200.00	2200.00	0.00
Donations							
Kalamandir Foundation					2.52	3.69	6.45
Key Managerial Personnel							
Finance							
a. **Loans Accepted**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. **Loans repaid**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. **Loans given**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d. **Trade Deposit accepted**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e. **Trade Deposit refunded**	0.00	0.00	0.00	0.00	0.00	0.00	0.0
f. **Interest Paid**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
g. **Share Application Money received**							
CHNKD Prasad			1430.75		145.00		
CH Jhansi Rani					9.50		
Annam Kalyan					7.00		

Annam Subhash					2.00		
Annam Rajesh					0.50		
Annam Sowjanya					0.50		
Annam Suchitra					0.50		
h. **Share Application Money refund**							
CHNKD Prasad			637.40				
CH Jhansi Rani							
Annam Kalyan							
Annam Subhash							
Annam Rajesh							
Annam Sowjanya							
Annam Suchitra							
i. **Share Alloted**							
CHNKD Prasad			1000.00				
CH Jhansi Rani							
Annam Kalyan							
Annam Subhash							
Annam Rajesh							
Annam Sowjanya							
Annam Suchitra							
Managerial Remuneration							
CHNKD Prasad	7.00	9.00	27.00	36.00	36.00	36.00	26.00
CH Jhansi Rani	1.75	1.50	0.00	0.00	0.00	0.00	0.00
Annam Kalyan	1.75	3.00	9.00	12.00	12.00	12.00	18.25
Annam Subhash	1.75	1.50	4.50	1.00	0.00	0.00	0.00
Annam Rajesh	0.00	1.50	0.00	0.00	0.00	0.00	0.00
Annam Sowjanya	0.00	0.36	0.00	0.00	0.00	0.00	0.00
CHDK Durga Rao	0.00	0.00	0.00	10.00	12.00	12.00	13.25
Rental Payment/Receipt							
CHNKD Prasad	0.80	0.30	1.25	1.80	1.80	1.80	1.05
Salaries							
CH Jhansi Rani	0.00	0.00	4.50	6.00	6.00	6.00	3.50
CH Mohana Durga Rao							11.25
Annam Subhash	0.00	0.00	0.00	5.00	6.00	8.25	12.75
Annam Sowjanya	1.70	0.00	2.25	3.00	3.00	5.25	1.00
Annam Rajesh	1.75	0.00	4.50	6.00	6.00	6.00	12.25
CHDK Durga Rao	0.00	0.00	0.00	1.60	0.00	0.00	0.00
Royalty							
CH Jhansi Rani	1.20	0.30	0.90	1.20	1.20	1.20	8.17
Unsecured Loans							
CHNKD Prasad							125.00
CHDK Durga Rao							75.00
Annam Kalyan							150.00

Details of Outstanding

(₹ in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Associate:							
Sai Readymades	7.40(Cr.)	285.52 (Dr.)	112.07(Dr.)	2.89 (Cr.)	8.21(Dr.)	0.00	0.00
Sai Retail India	0.00	0.00	204.28(Dr.)	6.36(Cr.)	1026.09(Cr.)	2.15(Cr.)	420.02 (Dr.)
SSS Marketing	0.00	0.00	250.66 (Dr.)	184.52(Dr.)	1.52(Dr.)	24.87(Dr.)	21.19(Dr.)
Sai Swarnamandir Jewellers (P) Ltd	10.39(Cr.)	94.33 (Dr.)	286.60 (Dr.)	111.76(Cr.)	0.52(Cr.)	0.00	378.45 (Cr.)
K Factory							3.15(Cr.)

Sumaja Creations	0.81(Cr.)	65.10(Dr.)	102.34 (Cr.)	13.41(Dr.)	26.04(Cr.)	0.64(Cr.)	5.74(Cr.)
Key Managerial Personnel							
CHNKD Prasad	0.00	0.00	12.75(Cr.)	2.12(Cr.)	147.38(Cr.)	2.38(Cr.)	128.07 (Cr.)
CH Jhansi Rani	0.00	0.00	2.32 (Cr.)	0.11 (Cr.)	11.17(Cr.)	2.87(Cr.)	11.04 (Cr.)
Annam Kalyan	0.00	0.00	0.66(Cr.)	0.68(Cr.)	7.91(Cr.)	0.91(Cr.)	152.46 (Cr.)
Annam Subhash	0.00	0.00	1.12 (Cr.)	1.04(Cr.)	2.48(Cr.)	0.69(Cr.)	1.76 (Cr.)
Annam Rajesh	0.00	0.00	1.12(Cr.)	0.52(Cr.)	0.98(Cr.)	0.48(Cr.)	1.77(Cr.)
Annam Sowjanya	0.00	0.00	0.16 (Cr.)	0.23 (Dr.)	0.73(Cr.)	0.47(Cr.)	
Annam Suchitra	0.00	0.00	0.00	0.00	0.50(Cr.)	0.00	
CHDK Durga Rao	0.00	0.00	0.00	0.88 (Cr)	0.89(Cr.)	0.89(Cr.)	76.77 (Cr.)
Relative of Director							
CH Mohana Durga Rao							1.82(Cr.)
CH Krishna Murthy	0.12(Cr.)	0.12(Cr.)	0.12(Cr.)	0.12(Cr.)	0.12(Cr.)	0.12(Cr.)	0.12(Cr.)

* The Company has given a Corporate Guarantee for` 2200.00 Lakhs- to State Bank of India for the loans sanctioned to Sai Swarnamandir Jewellers Private Limited

Annexure 24

Working of Paid-up Capital

Capital flow during 01.04.2008 to 31.03.2009	**₹ In Lakhs**
Total Partners capital as on 01.04.2008	1507.56
(as per audited financials)	
Withdrawn	(300.91)
Balance as on 02.07.2008	**1206.65**
Capital allotted under part IX conversion	1000.00
Amount refunded thereafter	206.65
Capital allotted as on 03.07.2008	1000.00
Share Application Money received and allotted	1000.00
Total capital as on 31.03.2009	**2000.00**

(₹ in Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
As per Audited Accounts	1507.56	1206.65	-	-	-	-	-
Effects of current years / periods			-	-	-	-	-
On account of Provision for Gratuity	(4.72)	-	-	-	-	-	-
On account of Depreciation as per Income Tax Law to Company Law (SLM basis)	9.91	-	-	-	-	-	-
On account of Deferred Tax Liability	(3.37)	-	-	-	-	-	-
On account of Income Tax	(38.20)		-	-	-	-	-
On account of Fringe Benefit Tax	(7.46)	-	-	-	-	-	-
Cumulative effects of previous years / periods			-	-	-	-	-

On account of Provision for Gratuity	(4.05)	(8.77)	-	-	-	-	-
On account of Depreciation as per Income Tax Law to Company Law (SLM basis)	27.07	36.98	-	-	-	-	-
On account of Deferred Tax Liability	(9.11)	(12.48)	-	-	-	-	-
On account of Income Tax	(22.31)	(60.52)	-	-	-	-	-
On account of Fringe Benefit Tax	(6.76)	(14.21)	-	-	-	-	-
Total	**1448.56**	**1147.65**	**-**	**-**	**-**	**-**	**-**

Annexure 25

STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

(₹ In Lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Income Tax							
AY 2008-09	0.22	0.22	0.22	0.22	0.22	-	-
AY 2009-10	-	-	Monetary Claim not ascertainable	Monetary Claim not ascertainable	Monetary Claim not ascertainable	3.45	3.45
Service Tax on rental premises in Bengaluru	-	-	Monetary Claim not ascertainable	Monetary Claim not ascertainable	Monetary Claim not ascertainable	Monetary Claim not ascertainable	Monetary Claim not ascertainable
Corporate Guarantee to Sai Swarnamandir Jewellrs (P) Limited	-	-	-	-	2200.00	2200.00	2200.00

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this RHP. The following discussion relates to our company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in section 211(3C) of the Companies Act and other applicable provisions of the Companies Act.

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.

Business Overview

We are majorly in the business of retailing of sarees under the brand names of "KALAMANDIR", "MANDIR" & "VARAMAHALAKSHMI". We started as a retailer of sarees in Hyderabad in August 2005. As on the date, we operate15 retail outlets spread across South India and these outlets are cumulatively spread over in 129,035 square feet.

Our company is presently engaged in retail offering of the following products to all the segments:

- Sarees
- Women's dress materials and readymades
- Men's wear
- Kid's wear
- Gold Jewellery and Silver articles

Our retail outlets cater to the entire range of sarees in the price range of ₹ 300 to ₹3,50,000.With evolution of retail industry in India and change in consumer aspirations, we diversified our portfolio of offerings to include other retail goods like Women dress materials & readymades, Kids wear and Men's wear. Currently, we sell different varieties of sarees for different occasions and ready-made apparels for women, men and kids in our retail outlets. In order to expand our products range, we also undertook display and sale of gold and silver ornaments in our outlets under franchise and shop in shop model. Accordingly, a franchisee arrangement was enetered on April 1, 2008 with Tanmai Jewellers Private limited for retail outlets at Hyderabad. Our Company had also entered into shop in shop arrangement with Sai Swarnamandir Jewellers Private Limited on April 1, 2009 for a period of 9 years for display and sale of their gold and silver jewellery in our retail outlets located at Jayanagar, Marathahalli and Malleshwaram, Bengaluru.. Presently, we are displaying and selling their gold and silver jewellery in our retail outlets located at Jayanagar and Malleshwaram, Bengaluru only.

Our company was set up as a Partnership Firm vide Deed of Partnership entered between Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani under the name and style of "Sai Silks" on August 10, 2005. Further, on April 1, 2006, Mr. A Kalyan Srinivas and Mr. A. Subash Chandra Mohan were admitted as partners. Later, on March 4, 2008, three new partners, Ms. Annam Suchitra, Ms. Annam Sowjanya and Mr. Annam Venkata Rajesh were admitted into the partnership firm and the partnership firms name was also changed to "Sai Silks (Kalamandir)". Thereafter, our Partnership Firm was converted into a Private Limited Company on July 3, 2008 following the procedure specified under Part IX of the Companies Act, 1956 on a going concern basis under the name and style of Sai Silks (Kalamandir) Private Limited. Our Company was subsequently converted into a public limited company and a fresh certificate of incorporation consequent upon change of name was issued on May 21, 2009 by the Registrar of Companies, Andhra Pradesh. The registered office is situated at 6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad – 500 016, Andhra Pradesh.

Our company has been promoted by Mr. Chalavadi Naga Kanaka Durga Prasad and Mrs. Chalavadi Jhansi Rani. They are founder promoters of our company and have extensive experience in the textile industry. Mr. Chalavadi Naga Kanaka Durga Prasad has been instrumental in strategic planning and business development of our company.

Jewellery Business

The Jewellery business of our Company is operational under the "Shop in Shop" model. As per this model, Sai Swarnamandir Jewellers Private Limited (SSJPL), a group company displays gold jewellery and silver articles in our retail outlets. Whenever a customer expresses his/her desire to purchase such product, SSJPL issues delivery challans and thereafter our company raises Sales Invoice to the customer. Based on the delivery challans, our Company raises Purchase Invoice on SSJPL on a daily basis and payment is settled between both the parties as per the terms of the Agreement.

Our Company has already entered into an Agreement with SSJPL on April 01, 2009 for a period of 9 years in this regard for retail outlets located at Bengaluru such as Jayanagar, Malleshwaram and Marathahalli. However, as on date we are not selling from Marathahalli retail outlet. As per this Agreement, the Profit sales margin is fixed at 2.00% for our Company

Wind Power Activity

Our Company has forayed into the business of generation of electricity through non-conventional energy sources by setting up a Wind Power Project having a capacity of 2 MW at Kondamedapally, Kurnool District, Andhra Pradesh at a project cost of ₹ 1120 lakhs.

Our Board of Directors in their meeting held on August 5, 2010 resolved in-principle to enter into the business of generation of electricity and passed enabling resolution in this regard. Our promoters have their core competence in the retail business where they have an established track record of accomplishment of more than 7 years. In order to diversify the existing business, our Company entered into the business of power generation through non-conventional energy sources. It was also decided to obtain the basic approvals from the concerned authorities and departments before approaching the members of our Company for their consent.

Since the proposed line of business was relatively new to our Company as well as to its promoters, it was decided to avail the guidance and services of a reputed EPC Contractor in the field of power particularly renewable energy. In this regard, our Company engaged Shriram EPC Ltd., Chennai, as EPC Contractor, to set up the business on our behalf on a turnkey basis. It was proposed to set up a 2 MW Wind Farm Project on turnkey basis at Kondamedapally, Kurnool district, Andhra Pradesh. In this context, our Company placed purchase / work orders with Shriram EPC Ltd on August 11, 2010 in terms of which Shriram EPC Ltd. was *inter alia* required to supply 8 WEGs of 250 KW each, DP Structure and Internal Lines, undertake Erection, Commissioning and Testing of WEGs and carry out civil work, electrical work and infrastructure for the site and liasioning with all governmental agencies for obtaining the approvals to complete the project.

Shriram EPC Ltd. had in December 2009 obtained allotment of Wind Farm Power project to be set up at Kondamedapally, Kurnool District, Andhra Pradesh from Non-Conventional Energy Development Corporation of Andhra Pradesh Limited (NEDCAP), Nodal Agency of Andhra Pradesh Government with a permissible limit to develop upto 4 MW capacity wind power project.

In August 2010, our Company approached NEDCAP for transfer of 2 MW load out of the aforesaid 4 MW Wind Farm Power Project sanctioned to Shriram EPC Ltd.

NEDCAP has accorded its permission for the said transfers in favour of our Company vide its letter no. NEDCAP/WE/4694/2010 dated August 16, 2010. Consequently our Company entered into an agreement with NEDCAP on August 17, 2010 for setting up the said Wind Power Project at Kondamedapally, Kurnool District, Andhra Pradesh and entered into a Power Purchase Agreement on March 31, 2011 ("PPA") with Central Power Distribution Company Limited of Andhra Pradesh (DISCOM).

In order to make financial arrangements for the said Wind Power project, our Company approached State Bank of India, which sanctioned a term loan of ₹ 7.84 Crores, vide its sanction letter dated September 2, 2010.

Since, the proposed line of activity, i.e., wind power generation was not germane to the existing line of business, our company resolved to make suitable amendments to the Memorandum of Association and commence the business. In this regard, an Extraordinary General Meeting of the Members was convened and duly held on February 17, 2011, for amending the Memorandum of Association and enabling our Company to commence and carry on the business of generation of electricity and a special resolution approving the amendment was passed in the said EGM. The same was filed with the Registrar of Companies, Andhra Pradesh ('ROC') for giving effect to the alteration of the Object Clause. ROC has since confirmed the alteration of Object Clause vide certificate dated March 28, 2011 issued u/s 18 (1) of the Companies Act, 1956.

Shriram EPC Ltd. has completed the implementation of 2MW e Wind Power Project. 1 MW was commissioned on March 31, 2011 and remaining 1MW was commissioned on July 16, 2011 but the Commercial Operation Date has been considered as March 31, 2011 by the DISCOM as per Article 1, clause 1.4 of the PPA. The power generated is not meant for captive consumption and is sold to Andhra Pradesh Central Power Distribution Company Limited (APCPDCL) as per Power Purchase Agreement (PPA) dated March 31, 2011 As per the PPA, out of the 2 MW capacity, 0.01 MW is permitted for auxiliary consumption and 1.99 MW for export to network for sale to DISCOM at the rate of ₹ 3.50 per unit for a period of 10 years from the commercial operation date. The tariff payable beyond 10th year of operation will be as determined by Andhra Pradesh Electricity Regulatory Commission (APERC). The revenue generated from wind power generation for the period ended October 31, 2012 is ₹ 47.57 Lakhs.

SIGNIFICANT DEVELOPMENTS AFTER OCTOBER 31, 2012 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

1. Opening of retail outlet in Hanumakonda, Warangal District, Andhra Pradesh

FACTORS AFFECTING OUR FINANCIAL RESULTS AND OPERATIONS:

Except as otherwise stated in this RHP, the Risk Factors given in this RHP and the following important factors could cause actual results to differ materially from the expectations include, among others:

General economic conditions of the locations, where we have our operations:

The retail sector is dependent on consumer spend for its performance. Overall economic conditions can impact the consumer spend, and more so in areas such as lifestyle products. Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy due to external or internal reasons, could have an adverse impact on our business and financial performance.

Trends and fashion preference of our target customers:

We are into retailing of lifestyle products mainly sarees, where introduction of new product, colour, design and innovation is a regular phenomenon. Also, fashion preference and consumer taste keep on varying across the regions. Hence, any failure on our part to identify changing fashion trends could have a negative impact on our business.

Supply Chain Management:

Inefficient supply chain management could adversely affect the results from operations

Title or Ownership rights or development rights of landlords:

Any adverse impact on the Title or ownership rights or development rights of our landlords from whose premises we operate may impede our effective operations of our retail outlets, offices or distribution centres in the future

Our ability to successfully implement its strategy and its growth and expansion plans;

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of our strategy and growth and expansion plans could impact our Company’s roll out schedules and cause cost and time over runs.

Increasing competition in the industry;

- We face competition from various unorganised players.

Changes in fiscal, economic or political conditions in India;

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our financial performance.

Social or civil unrest or hostilities with neighbouring countries or acts of international terrorism;

Factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our performance. These geopolitical, social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could constrain our ability to do business.

The performance of the financial markets in India and globally;

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition and profitability.

Unusual or infrequent events or transactions

There have been no unusual or infrequent transactions that have taken place.

Any adverse outcome in the legal proceedings in which we are involved;

We have involved in certain legal proceedings. In the event that all of the cases are decided against us, they may have a material adverse effect on our results of our operations.

Results of Our Operations

(₹ In Lakhs)

Particulars	October 31,2012	% of Total Income	March 31,2012	% of Total Income	March 31,2011	% of Total Income	March 31,2010	% of Total Income	March 31,2009	% of Total Income	March 31,2008	% of Total Income
Revenue from Continuing Operations:												
Revenue from operations												
Of products manufactured	-	-	-	-	-	-	-	-	-	-	-	-
Of products traded	16815.97	99.76	26276.19	99.61	24377.29	99.61	19363.24	99.53	12722.29	99.36	6477.05	97.75
Total Revenue	**16815.97**	**99.76**	**26276.19**	**99.61**	**24377.29**	**99.61**	**19363.24**	**99.53**	**12722.29**	**99.36**	**6477.05**	**97.75**
Less: Excise Duty	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenue	16815.97	99.76	**26276.19**	**99.61**	**24377.29**	**99.61**	**19363.24**	**99.53**	**12722.29**	**99.36**	**6477.05**	**97.75**
Other Income	40.62	0.24	102.84	0.39	94.64	0.39	90.75	0.47	82.48	0.64	149.18	2.25
Profit on sale of investments	-	-	-	-	0.47	-	-	-	-	-	-	-
Total of (A)	**16856.59**	**100.00**	**26379.03**	**100.00**	**24472.40**	**100.00**	**19453.99**	**100.00**	**12804.77**	**100.00**	**6626.22**	**100.00**
Expenditure												
Cost of materials consumed	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of stock-in-trade	15298.78	90.76	20733.51	78.60	21776.65	88.98	15156.90	77.91	11819.96	92.31	5583.46	84.26
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2778.17)	(16.48)	(1136.56)	(4.31)	(3116.35)	(12.73)	(252.72)	(1.30)	(3282.59)	(25.64)	(713.14)	(10.76)
Employee benefits expense	445.24	2.64	551.49	2.09	484.88	1.98	402.90	2.07	496.74	3.88	270.46	4.08
Other expenses	1901.94	11.28	3130.54	11.87	3233.36	13.21	2809.54	14.44	2652.71	20.72	1054.53	15.91
Total Expenses (B)	**14867.79**	**88.20**	**23278.98**	**88.25**	**22378.54**	**91.44**	**1816.63**	**93.13**	**11686.83**	**91.27**	**6195.31**	**93.50**
Earnings before Depreciation, Interest, exceptional items, extraordinary items and Tax (EBITDA) (A - B)	**1988.80**	**11.80**	**3100.05**	**11.75**	**2093.86**	**8.56**	**1337.36**	**6.87**	**1117.94**	**8.73**	**430.92**	**6.50**
Depreciation and amortization expense	149.74	0.89	232.99	0.88	132.00	0.54	116.31	0.60	93.82	0.73	37.17	0.56
Earnings before Interest, exceptional items, extraordinary items and Tax	**1839.06**	**10.91**	**2867.06**	**10.87**	**1961.86**	**8.02**	**1221.06**	**6.28**	**1024.12**	**8.00**	**393.75**	**5.94**
Finance costs	790.01	4.69	1095.79	4.16	703.37	2.88	611.31	3.14	545.13	4.26	214.95	3.24
Earnings before exceptional items, extraordinary items and Tax	**1049.05**	**6.22**	**1771.27**	**6.71**	**1258.49**	**5.14**	**609.75**	**3.14**	**478.99**	**3.74**	**178.80**	**2.70**
Exceptional Items			-	-	-	-	-	-	-	-	-	-
Earnings before extraordinary items and tax	**1049.05**	**6.22**	**1771.27**	**6.71**	**1258.49**	**5.14**	**609.75**	**3.14**	**478.99**	**3.74**	**178.80**	**2.70**
Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) before tax	**1049.05**	**6.22**	**1771.27**	**6.71**	**1258.49**	**5.14**	**609.75**	**3.14**	**478.99**	**3.74**	**178.80**	**2.70**
Tax expense:												
Provision for Taxation	**347.85**	**2.06**	**602.02**	**2.27**	**418.05**	**1.71**	**207.26**	**1.07**	**174.46**	**1.36**	**69.02**	**1.04**

Provision for Income Tax	324.67	1.93	362.00	1.37	316.62	1.29	180.51	0.93	129.09	1.01	58.20	0.88
Current Year	324.67	1.93	354.39	1.34	316.62	1.29	180.51	0.93	129.09	1.01	58.20	0.88
Previous Year	-	-	7.60	0.03	-	-	-	-	-	-	-	-
Provision for Deferred Tax	23.18	0.14	240.02	0.90	101.43	0.42	26.74	0.14	33.72	0.26	3.37	0.05
Provision for Fringe Benefit Tax	-	-	-	-	-	-	-	-	11.65	0.09	7.46	0.11
Profit/(Loss) After Tax	**701.20**	**4.16**	**1169.25**	**4.43**	**840.45**	**3.43**	**402.49**	**2.07**	**304.53**	**2.38**	**109.78**	**1.66**
Provision for Dividend	-	-	-	-	-	-	(100.00)	(0.51)	-	-	-	-
Provision for Dividend Distribution Tax	-	-	-	-	-	-	(17.00)	(0.09)	-	-	-	-
Profit/(Loss) from continuing operations	**701.20**	**4.16**	**1169.25**	**4.43**	**840.45**	**3.43**	**285.50**	**1.47**	**304.53**	**2.38**	**109.78**	**1.66**
Discontinuing Operations												
Profit / (Loss) from discontinuing operations (before tax)	-	-	-	-	-	-	-	-	-	-	-	-
Tax expense of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) from discontinuing operations (after tax)	-	-	-	-	-	-	-	-	-	-	-	-
Total Operations												
Profit / (Loss) for the year	**701.20**	**4.16**	**1169.25**	**4.43**	**840.45**	**3.43**	**285.50**	**1.47**	**304.53**	**2.38**	**109.78**	**1.66**

<u>Results for the Seven months ended October 31, 2012</u>

Revenue from Operations

Total Revenue of our company was ₹16815.97 Lakhs for the seven months period ended October 31, 2012. It consists of Revenue from Retail business ₹ 16768.40 Lakhs and Revenue from Sale of wind power ₹ 47.57 Lakhs.

Expenditure

<u>Purchase of traded goods</u>
The Cost of Purchase of traded goods for the seven months period ended October 31, 2012 was ₹ 15298.78 Lakhs, which is 90.76% of the Total Income.

<u>Employee Benefits Expense</u>

Employee Benefits Expense to our company is ₹445.24 Lakhs for the seven months period ended October 31 2012, which is 2.64% of Total Income.

<u>Other Expenses:</u>

Other Expenses to our company is ₹ 1901.94 Lakhs for the seven months period ended October 31 2012, which is 11.28% of Total Income.

"Other Expenses" includes Administrative, Selling & Distribution Expenses and Preliminary Expenses written-off.

<u>Depreciation and Amortization:</u>

Depreciation and Amortization Expense to our company is ₹ 149.74 Lakhs for the seven months period ended October 31, 2012.

<u>Finance Costs</u>

Finance Costs to our company is ₹ 790.01 Lakhs for the seven months period ended October 31, 2012. The significant constituents of finance costs comprise of bank Interest and Charges.

<u>Profit / (Loss) for the year (after tax, exceptional items and extraordinary items):</u>

Profit / (Loss) for the year (after tax, exceptional items and extraordinary items) of our Company is ₹ 701.20 Lakhs for the seven months period ended October 31, 2012, which is 4.16% of Total Income

<u>Results for the Financial Year ended March 31, 2012 as compared to the results for the year ended March 31, 2011.</u>

Revenue from Operations

Revenue from Operations ₹ 26276.19 Lakhs includes, Revenue from Retail business of ₹ 26252.45 Lakhs and Revenue from Sale of Wind power ₹ 23.73 Lakhs

Revenue from operations (retail business) increased from ₹ 24377.29 Lakhs in FY 2011 to ₹ 26252.45 Lakhs in FY 2012 registering a marginal growth rate of 7.69% due to opening of new retail outlet during FY 2011-12 and marginal increase in sales realisation.

Expenditure

Purchase of traded goods

Percentage of traded goods of our Company decreased from 88.98% of Total Income to 78.60% of Total Income. Purchase of traded goods decreased from ₹ 21776.65 Lakhs in FY 2011 to ₹ 20733.51 Lakhs in FY 2012 due to increase in scale of operations

Employee Benefits Expense

Employee Benefits Expense increased from ₹484.88 Lakhs in FY 2011 to ₹551.49 Lakhs in FY 2012, which is 2.09% of the Total Income. The Increase is due to increase in salaries.

Other Expenses

Other Expenses decreased from ₹3233.36 Lakhs in FY 2011 to ₹3130.54 Lakhs in FY 2012. As proportion of total income, Other Expenses decreased from 13.21% to 11.87% due to reduction in Selling and Distribution Expenses.

"Other Expenses" includes Administrative, Selling & Distribution Expenses and Preliminary Expenses written-off.

Depreciation and Amortisation

Depreciation and Amortisation increased from ₹132.00 Lakhs in FY 2011 to ₹ 232.99 Lakhs in FY 2012. This is due addition in fixed assets in the current financial year.

Finance Costs

Finance Costs increased from ₹703.37 Lakhs in FY 2011 to ₹1095.79 Lakhs in FY 2012. This is due to increase in borrowings/financial limits from Banks on account of increased scale of operations.

Profit / (Loss) for the year (after tax, exceptional items and extraordinary items):

Profit / (Loss) for the year (after tax, exceptional items and extraordinary items) of our Company for the year ended March 31, 2012 is increased to ₹ 1169.24 Lakhs as compared to ₹ 840.45 Lakhs for the year ended March 31, 2011, registering a growth of 39.12% which is due to increase in total income, better cost control measures and absorption of fixed overheads.

Results for the Financial Year ended March 31, 2011 as compared to the results for the year ended March 31, 2010.

Revenue from Operations

Revenue from operations (retail business) increased from ₹19363.24 Lakhs in FY 2010 to ₹24377.29 Lakhs in FY 2011 registering a growth rate of 25.89% due to opening of new retail outlets during FY 2010-11.

Expenditure

Purchase of traded goods

Purchase of traded goods increased from ₹ 15156.90 Lakhs in FY 2010 to ₹ 21776.65 Lakhs in FY 2011 registering a growth rate of 43.67% due to increase in levels of Inventory and raw material cost.

Employee Benefits Expense

Employee Benefits Expense increased from ₹ 402.90 Lakhs in FY 2010 to ₹ 484.88 Lakhs in FY 2011, which is 1.98% of the Total Income of the respective year. The Increase is due to marginal increase in salaries.

Other Expenses

Other Expenses increased from 2809.54 ₹ Lakhs in FY 2010 to ₹ 3233.36 Lakhs in FY 2011. However, as proportion of total income, Other Expenses decreased from 14.44% to 13.21% due to increase in scale of operations of our company.

"Other Expenses" includes Administrative, Selling & Distribution Expenses and Preliminary Expenses written-off

Depreciation and Amortisation

Depreciation and Amortisation increased from ₹ 116.31 Lakhs in FY 2010 to ₹ 132.00 Lakhs in FY 2011. This is due to addition in fixed assets in the current financial year.

Finance Costs

Finance Costs increased from ₹ 611.31 Lakhs in FY 2010 to ₹ 703.37 Lakhs in FY 2011. This is due to increase in borrowings/financial limits from Banks.

Profit / (Loss) for the year (after tax, exceptional items and extraordinary items):

Profit / (Loss) for the year (after tax, exceptional items and extraordinary items) of our Company for the year ended March 31, 2011 is increased to ₹ 840.45 Lakhs as compared to ₹ 402.49 Lakhs for the year ended March 31, 2010, registering a growth of 108.81% which is due to increase in total income, better cost control measures and absorption of fixed overheads.

Results for the Financial Year ended March 31, 2010 as compared to the results for the year ended March 31, 2009.

Revenue from Operations

Revenue from operations increased from ₹ 12722.29 Lakhs in FY 2009 to ₹ 19363.24 Lakhs in FY 2010 registering a growth rate of 52.20 % due to opening of new retail outlets during FY 2008-09.

Expenditure

Purchase of traded goods

Purchase of traded goods increased from ₹ 11819.96 Lakhs in FY 2009 to ₹ 15156.90 Lakhs in FY 2010 registering a growth rate of 28.23% due to changes in pricing policy adopted by company due to global slow down

Employee Benefits Expense:

Employee Benefits Expense decreased from ₹ 496.74 Lakhs in FY 2009 to ₹ 402.90 Lakhs in FY 2010 which is 2.07% as proportion to total income, on account of decrease in staff due to global slowdown.

Other Expenses

Other Expenses, as proportion to Total Income, decreased from 20.72% to 14.44%. However, in absolute figure the same was increased from ₹ 2652.71 Lakhs in FY 2009 to ₹ 2809.54 Lakhs in FY 2010 in line with the scale of operations.

"Other Expenses" includes Administrative, Selling & Distribution Expenses and Preliminary Expenses written-off.

Depreciation and Amortisation

Depreciation and Amortisation increased from ₹ 93.82 Lakhs in FY 2009 to ₹ 116.31 Lakhs in FY 2010. This is due to additions in fixed assets during the financial year.

Finance Costs

Finance costs increased from ₹ 545.13 Lakhs in FY 2009 to ₹ 611.31 Lakhs in FY 2010. This is due to increase in borrowings/financial limits from Banks on account of increased operations.

Profit / (Loss) for the year (after tax, exceptional items and extraordinary items):

Profit / (Loss) for the year (after tax, exceptional items and extraordinary items) of our Company for the year ended March 31, 2010 is increased to ₹ 402.49 Lakhs as compared to ₹ 304.53 Lakhs for the year ended March 31, 2009, registering a growth of 32.17%, which is due to increase in total income and economies in scale of operations.

Information required as per Schedule VIII Part A (IX) (E) (5) of the SEBI ICDR Regulations

(a) Unusual or infrequent events or transactions

Other than as stated in the RHP, there have been no unusual or infrequent transactions that have taken place during the last three years.

(b) Significant economic changes that materially affected or are likely to affect income from continuing operations

Any slowdown in the growth of Indian Economy or future volatility in global commodity prices, could affect the business including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

(c) Known trends or uncertainties that have had or are expected to have a material adverse impact on Turnover, revenue, or income from continuing operations

To our knowledge there are no known trends or uncertainties that have had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

(d) Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in this section and the sections titled "Risk Factors", "Business Overview" on page nos 16 & 107 respectively, to our knowledge, there are no known factors which will materially impact the future changes in relationship between our costs and revenues.

(e) The extent to which material increases in net Turnover or revenue are due to increased Turnover volume, introduction of new products or services or increased Turnover prices

The increase or decrease in revenue is by and large is linked to increases in Turnover prices or volume of business.

(f) Turnover of each major Industry segment in which our Company operated

Relevant published data, as available, for the industry turnover has been included in the section entitled "Industry Overview" beginning on page no 87.

(g) Status of any publicly announced new products or business segment

Our Company has no plans to introduce new products or new business segments except those, if any, mentioned in this RHP.

(h) The extent to which the business is seasonal

There is no seasonality in our business segments.

(i) Any significant dependence on a single or few suppliers or customers

The percentage contribution of our Company's supplier's vis-à-vis the total purchases for financial year ended March 31, 2011, March 31, 2012 and for the period ended October 31, 2012 is as follows:

Sr. No	Name of the supplier	Financial Year 2010-11		Financial Year 2011-12		Period Ended October, 2012	
		Purchases Amount (₹ in Lakhs)	% of Purchases	Purchases Amount (₹ in Lakhs)	% of Purchases	Purchases Amount (₹ in Lakhs)	% of Purchases
1.	Sai Swarnamandir Jewellers Pvt. Ltd.	9794.34	45.11	9753.61	47.18	6364.59	41.73
2.	Sai Retail India	10172.93	46.85	9024.05	43.66	7547.50	49.48
Total		**19967.27**	**91.96**	**18777.66**	**90.84**	**13912.08**	**91.21**

(j) Competitive Condition

We face competition from well-established players and unorganised sector.

FINANCIAL INDEBTEDNESS

(₹ In lakhs)

Particulars	31.03.08	2.07.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Term loan from Banks	1110.01	1088.00	877.49	581.69	1122.16	1066.49	1375.05
Working Capital / Cash Credit from Banks	729.83	1215.60	3692.27	3587.66	4891.42	6279.64	8330.74
Vehicle Loan	18.63	26.68	17.63	10.35	46.37	49.39	93.19
Total	**1858.47**	**2330.28**	**4587.39**	**4179.70**	**6059.96**	**7395.52**	**9798.97**

Principal Terms of Secured Loans and Assets Charged as Security:

(₹ In Lakhs)

Name of the Lender	Facility	Sanctioned Limit	Balance O/s as on 31.12.2012	Rate of Interest	Repayment Schedule	Securities Offered	
State Bank of India	Term Loan - III	250.00*	20.10	3.10% above Base Rate	48 monthly installments of ₹ 4.98 lakhs each	Primary For CC	Hypothecation of stocks, receivables and other current assets of the Company on paripassu basis alongwith the other bank in the MBA
	Term Loan – III	45.00*	3.79	3.10% above Base Rate	48 monthly installments of ₹ 0.94 lakhs each	Primary Term Loan No. III, IV,V,6 &7	First charge on fixed assets of the company both present and future including Equitable Mortgage on windmill properties as detailed below: 1. Private land admeasuring 4.40 acres of land in Survey No. 602, 802/4 and 803 of Pettikota Revenue Village (Kondamithipalli) 2. Revenue land admeasuring 3.74 acres of land in Survey No 595 of Tummalapenta Revenue Village (Kondamithipalli)
	Term Loan – III	160.00*	18.52	3.10% above Base Rate	48 monthly installments of ₹ 3.22 lakhs each		
	Cash Credit - Hyderabad Branch A/c No 30436750829	5850.00	6054.66	3.00% above Base Rate	On demand	Collateral: for CC/SLC /Term loan III, IV & V	I. Equitable Mortgage of 10 properties belonging to Promoters & their friends and family members (as detailed below) 1. Commercial building situated at Door No.29-13-116, Mpl. ward No.24,Revenue Ward No.9, Block No.17, N.T.S.No.7 23, old assmt.No.21352, present Assmt. No. 21351, Kaleswararao Road, Governerpet, Vijayawada admeasuring 323 Sq.Yds, belonging to late Perumalla Hanumantha Rao, S/o Late Appa Rao (Represented by his legal heirs Smt.P. Dhanalakshmi and Ch. Jhansi Rani). 2. Residential Building situated in
	Cash Credit - Kanchipuram Branch A/c No 32662058315	300.00	298.21	3.00% above Base Rate	On demand		

	Term Loan – IV	275.00	115.22	3.10% above Base Rate	11Qtrly. @ 23.00 lakhs each 1 Qtr.@ ₹ 22.00 lakhs		Old door No.33-16-14, Present Door No.33-16-17, Block No.9, N.T.S.No.795, 796 and 24, Old Assmt. No.7290, Present Assmt. No. 25006, Ramanadham street, Kasturibhai pet, Mogalrajapuram, Vijayawada admeasuring 586.40 Sq.Yds., belonging to Smt. P Dhanalakshmi, W/o Hanumantha Rao.
	Term Loan – V	784.00	713.62	3.20% above Base Rate	3 Qtrly. @ ₹ 13.00 lakhs each 4 Qtrly. @ ₹ 13.00 lakhs each 4 Qtrly. @ ₹ 15.00 lakhs each 4 Qtrly. @ ₹ 17.00 lakhs each 4 Qtrly. @ ₹ 20.00 lakhs each 4 Qtrly. @ ₹ 23.00 lakhs each 4 Qtrly. @ ₹ 26.00 lakhs each 4 Qtrly. @ ₹ 30.00 lakhs each 4 Qtrly. @ ₹ 35.00 lakhs each 1 Qtr @ ₹ 29.00 lakhs		3. Open site measuring 332 Sq.Yds., vide Plot No.6, in Sy.No.87&90 T.S.No.13&14 Situated at Shaikpet Village & Mandal, Hyderabad belonging to Sri A Subhash Chandra Mohan 4. Two Plots of Open Land measuring 200 Sq.Yds each belonging to Sri Ch.N.K.D. Prasad, situated at D.No.40-1/1-14E, NTS Nos. 42&43 Rev Ward No.11, Block No.2, Adj to SVR Neuro Hospital, Mogalrajapuram, Vijayawada
	Term Loan – 6	420.00 **	371.77	3.10% above Base Rate	18 Qtrly. @ ₹ 23.33 Lakhs Each		5. Open plot of land measuring 288-8/9 sq.yds. belonging to CHNKD Prasad located at 33-10-17, Sreenivasa Rao Street, Seetharama Puram, Vijayawada 6. Six storeyed RCC Roof Building situated in Door No 2-23-1/3, Plot No. 3, Sy. No. 148, Kukatpally, Balanagar Mandal, R.R. District with appurtenant site of 622.83 Sq.Yds, in the name of Sri Ch.Suhas Reddy (304 Sq.Yds), S/o Shyam Sundar Reddy and in the name of Smt. Ch.Vijaya (318.83 Sq.Yds). , W/o Shyam Sunder Reddy
	Term Loan - 7	980.00 ***	233.50	3.10% above Base Rate	15 Qtrly. @ ₹ 65.33 Lakhs Each		7. Open plot of land admeasuring 600Sq. Yds belonging to Sri Nammi Ramgopal in Plot No.19, Ward No.8, Block No.5, Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No. 7, 7/1, 8 to 12 Registered at SRO, Champapet vide TD No.3335/08 dated 31.03.2008 8. Open plot of land admeasuring 872 Sq. Yds belonging to Sri Nammi Ramgopal in Plot No.18, Ward No.8, Block No.5, Adjacent to Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga
State Bank	Stand	200.	202.	4.00%	On demand		Reddy District vide Survey No.7, 7/1 to 12 Registered at SRO,

of India	by Line of Credit	00	49	above Base Rate			Hyderabad East vide TD No. 2485/02 dated 11.04.2002 9. Open plot of land admeasuring 222 Sq. Yds belonging to Sri Nammi Ramgopal in Plot No. 18/B, Ward No.8, Block No.5, Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No.7, 7/1, 8 to 12 Registered at SRO, Champapet vide TD No.5402/08 dated 29.05.2008. 10. Open plot of land admeasuring 1283 belonging to Sri Nammi Ramgopal in Ward No.8, Block No.5, Diamond colony, Karmanghat (v) Saroornagar (M) LB Nagar Municipality, Ranga Reddy District vide Survey No.9, 10, 11 & 12 Registered at SRO, Champapet vide TD No.3849/97 dated 01/09/1997 II. Lien on Fixed Deposit for an amount of ₹ 5.00 Lakhs in the name of Promoter / directors of the company. III. Additional collateral of urban landed property worth ₹ 825.00 Lakhs on which equitable mortgage should be created by 30.09.2012
						Guarantees:*	1. Sri CHNKD Prasad S/o C. Krishna Murthy 2. Smt. CH Jhansi Rani W/o C.N.K.D.Prasad 3. Sri Annam Kalyan Srinivas S/o A Chandra Sekhar 4. Sri Annam Subhash Chandra Mohan S/o A, Chandra Sekhar 5. Smt. Perumalla Dhanalakshmi W/o Late Hanumanta Rao 6. Shri Chalavadi DK Durga Rao S/o C Krishna Murthy 7. Smt. Annam Suchitra W/o A Kalyan Srinivas 8. Smt. Annam Soujanya w/o A Subhash Chandra Mohan 9. Shri Annam Venkata Rajesh S/o A Chandra Sekhar 10. .Shri.CH.Suhas Reddy S/o Ch.Shyam Sunder Reddy * 11. Smt. Ch. Vijaya W/o Ch.Shyam Sunder Reddy * 12. Sri Nammi Ramgopal S/o Late N Bhakthavatsala Rao * * The Guarantee of Sri CH Suhas Reddy, Smt CH Vijaya and Sri N Ramgopal shall be limited to the extent of value of the property in their name.
State Bank of	Cash Credit	1000.00	1172.92	0.25% above PLR	On demand	Primary :	Pari passu charge over entire current assets with SBI
						Collateral :	Exclusive Landed Collateral Admeasuring 1192 Sq.Yds with shed

Hyderabad							admeasuring.184.572 Sq.Mts, belonging to Colorsoft, represented by its proprietor Sri Mr. Hari Babu (to the extent of value of collateral)
	Stand by Line of Credit	150.00	0.00	1.00% above CC Interest	On demand	Pledge :	TDR of ₹ 180 Lakhs.
						Guarantors :	CHNKD Prasad, CH Jhansi Rani, Annam Kalyan Srinivas, Annam Subhash Chandra Mohan & Third party guarantee of Sri M. Haribabu (to the extent of value of collateral).
Kotak Mahindra Bank Ltd	Amortised Overdraft	749.38****	574.64	Base rate +5.00 %	Fortnight Installment to be deducted from the OD Limit and the entire Limit to be repaid in 24 months. For additional loan of ₹ 140 lakhs sanctioned on July 28, 2011 the repayment has been fixed at 19 months, Fortnightly Installment.	Primary Security :	Hypothecation of all credit card receivables of the company, both present and future
						Guarantees	Mr.Chalavadi.Naga kanaka Durga Prasad, Chalavadi D.k.Durga rao and Anam Kalyan Srinivas should stand as Personal Gurantors.
						Additional Security :	The Guarantors (Naga Kanaka Durga Prasad, CH D K Durgarao and Annam Kalyan Srinivas) shall in lieu of repayment of the loan and discharge of the liabilities in respect of the facilities sanctioned by the bank to the borrower, provide the bank atleast 1(number) additional cheques drawn in favour of the bank totaling to ₹ 750.00 lakhs
HDFC Bank Ltd	Vehicle Loan	10.90	1.69	9.40%	36 Monthly Installments of ₹ 0.34594 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA INNOVA" Vehicle acquired.
HDFC Bank Ltd	Vehicle Loan	5.06	1.12	12.02 %	36 Monthly Installments of ₹ 0.16645 lakhs each		This Vehicle loan is secured with hypothecation of "TATA WINGER" Vehicle acquired.
HDFC Bank Ltd	Vehicle Loan	8.04	3.18	10.75 %	36 Monthly Installments of ₹ 0.25995 lakhs each		This Vehicle loan is secured with hypothecation of "HONDA CITY "Vehicle acquired.
HDFC Bank Ltd	Vehicle Loan	6.12	5.48	11.00 %	36 Monthly Installments of ₹ 0.19854 lakhs each		Hypothecation of "CAR" vide Loan Agreement No. 22241352
HDFC Bank Ltd	Vehicle Loan	20.00	17.43	10.25 %	36 Monthly Installments of ₹ 0.64220 lakhs each		Hypothecation of "CAR" vide Loan Agreement No. 22093356
HDFC Bank Ltd	Vehicle Loan	7.44	2.94	10.75 %	36 Monthly Installments of ₹ 0.24055 lakhs each		This Vehicle loan is secured with hypothecation of "VOLKSWAGEN VENTO "Vehicle acquired.
HDFC Bank Ltd	Vehicle Loan	5.67	5.53	12.30 %	35 Monthly Installments of ₹ 0.19360 lakhs each		Hypothecation of "CAR" vide Loan Agreement No. 22790295
ING VYSYA Bank Ltd	Vehicle Loan	16.70	5.14	9.75%	36 Monthly Installments of ₹ 0.53691 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA FORTUNER" Vehicle acquired.
ING VYSYA Bank Ltd	Vehicle Loan	11.30	6.09	10.38 %	36 Monthly Installments of ₹ 0.36664 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA INNOVA" Vehicle acquired
ING	Vehicle	11.7	8.89	11.50	36 Monthly		This Vehicle loan is secured with

VYSYA Bank Ltd	Loan	7		%	Installments of ₹ 0.38813 lakhs each		hypothecation of "TOYATA INNOVA" Vehicle acquired
Kotak Mahindra Prime Ltd	Vehicle Loan	7.43	5.92	11.08 %	36 Monthly Installments of ₹ 0.24103 lakhs each		This Vehicle loan is secured with hypothecation of "NISSAN SUNNY" Vehicle acquired
Kotak Mahindra Prime Ltd	Vehicle Loan	4.00	3.62	11.74 %	36 Monthly Installments of ₹ 0.13240 lakhs each		This Vehicle loan is secured with hypothecation of "MARUTI WAGNOR" Vehicle acquired
Kotak Mahindra Prime Ltd	Vehicle Loan	14.51	13.31	10.70 %	36 Monthly Installments of ₹ 0.46750 lakhs each		This Vehicle loan is secured with hypothecation of "HYUNDAI ELANTRA" Vehicle acquired
Kotak Mahindra Prime Ltd	Vehicle Loan	12.50	11.19	10.79 %	36 Monthly Installments of ₹ 0.40380 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA INNOVA" Vehicle acquired

*The total amount sanctioned for Term Loan III is ₹ 900.00 Lakhs but the amount disbursed for the same is ₹ 439.00 Lakhs.

** The Total amount sanctioned for Term Loan - 6 is ₹ .420.00 Lakhs but the amount disbursed for the same is ₹ 367.90 Lakhs

*** The Total amount sanctioned for Term Loan - 7 is ₹ .980.00 Lakhs but the amount disbursed for the same is ₹ 230.66 Lakhs

****The original sanctioned limit was ₹ 750.00 Lakhs as per sanction letter dated January 25,2011 and was reduced to ₹ 609.38 Lakhs as on July 28,2011 after deducting the fortnightly instalment from the OD limit as per the sanction letter and an additional limit was sanctioned of ₹ 140.00 Lakhs on July 28, 2011

1. The balance outstanding as per Bank Statement for Overdraft (A/c No 05522980000851) of Kotak Mahindra Bank (KMB) is ₹ 174.14 Lakhs. The difference of ₹ 400.49 Lakhs cheques issued but not cleared.
2. The balance outstanding as per Bank Statement for Cash Credit (A/c No 30436750829) of State Bank of India (SBI) is. ₹ 5891.33 Lakhs. The difference of ₹ 163.33 Lakhs is on account of cheques issued but not cleared.
3. The balance outstanding as per Bank Statement for Cash Credit account (A/c No.62090915318) of State Bank of Hyderabad (SBH) is ₹. 1012.92 Lakhs. The difference of ₹. 160.00 Lakhs is on account of cheques issued but not cleared.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as disclosed below:

- There are no defaults, non-payments or overdue amounts with respect to , institutional or bank dues or amounts due to holders of debentures, bonds and fixed deposits and arrears of preference shares except statutory dues which are as under:

<table>
<tr><th>Financial Year</th><th>Nature of statutory dues</th><th>Amount Outstanding as on October 31, 2012 (₹ In Lakhs)</th></tr>
<tr><td rowspan="3">2008-09</td><td>Income tax and interest thereon</td><td>36.06</td></tr>
<tr><td>Fringe benefit tax and interest thereon</td><td>10.30</td></tr>
<tr><td>Gratuity liability for employees as per AS 15 on Employee Benefits issued by Institute of Chartered Accountants of India (‘ICAI”)</td><td>11.04</td></tr>
<tr><td rowspan="2">2009-10</td><td>Income tax and interest thereon</td><td>9.33</td></tr>
<tr><td>Gratuity liability for employees as per AS 15 on Employee Benefits issued by ICAI.</td><td>10.29</td></tr>
<tr><td>2010-11</td><td>Gratuity liability for employees as per AS 15 on Employee Benefits issued by ICAI.</td><td>13.07</td></tr>
<tr><td rowspan="2">2011-12</td><td>Income tax and interest thereon</td><td>41.64</td></tr>
<tr><td>Gratuity liability for employees as per AS 15 on Employee Benefits issued by ICAI.</td><td>18.17</td></tr>
<tr><td colspan="2">TOTAL</td><td>149.90</td></tr>
</table>

- No disciplinary action has been taken by SEBI or any stock exchanges against our Company or its Directors or its Promoter Group Companies;

- There are no outstanding litigations, suits or criminal / civil proceedings or tax liability against our Company, its Directors, Promoters and Promoter Group, that would have an adverse effect on our Company’s business as of the date of this RHP.

None of the Companies or persons referred in the paragraph above is on the list of the wilful defaulters of RBI.

This section has been divided into the following seven parts:

Part A: Cases involving our Company
Part B: Cases involving our Company’s Directors
Part C: Cases involving the Group Companies
Part D: Cases involving Directors of the Group Companies
Part E: Cases involving the Promoters
Part F: Material Developments
Part G: Amounts owed to Small Scale Undertakings

A. CASES INVOLVING OUR COMPANY

1. <u>Cases/ proceedings filed/pending against our Company</u>

1.1 Compounding Proceedings under Company Law

1.1.1 Our Company has on 31.01.2011 filed an application for compounding under Section 621A of the Companies Act, 1956 with the Registrar of Companies, Andhra Pradesh (“**ROC**”) for having entered into certain related party contracts (in which particular directors are interested) with M/s. Sai Readymades, M/s. Sai Retail India, M/s. SSS Marketing, M/s. Sumaja Creations & Sai Swarnamandir Jewellers Pvt. Ltd. without obtaining prior approval of the Central Government as required under section 297 of the Companies Act, 1956. The aforesaid application filed by our Company has been approved by the ROC and the same may be forwarded to Company Law Board, Chennai in due course of time. MCA website confirms the aforesaid status of the application. The maximum penalty that may be levied on our Company and every officer of our Company who is in default for each of the above violation, is fine up to ₹ 5,000/- and where the contravention is a continuing one, with a further fine which may extend upto ₹ 500/- for each day during which such contravention continues. Any adverse order in this regard may adversely affect the operations, reputation and business prospects of our Company.

1.1.2 Our Company has on 07.01.2013 filed an application for compounding under Section 621A of the Companies Act, 1956 with the Registrar of Companies, Andhra Pradesh for having given a corporate guarantee dated 01.09.2010 in favour of a bank to secure the loan of ₹ 2200.00 lakhs sanctioned to Sai Swarnamandir Jewellers Private Limited, a group company where directors / promoters of our Company are interested, without obtaining prior approval from the Central Government of India as required under section 295 of the Companies Act, 1956. The maximum penalty that may be levied on every officer of our Company and its group company who has knowingly become a party to the contravention may extend of up to fine of ₹50,000 or simple imprisonment extending up to a term of six months. Additionally, any director involved in such contravention may be required to vacate office under section 283(1)(h) of the Companies Act. Any adverse order in this regard may adversely affect the operations, reputation and business prospects of our Company.

1.2 Income Tax

1.2.1 AY 2008-09

The Asst. Commissioner of Income Tax, Circle- 6(1), Hyderabad has vide Assessment Order passed u/s. 143(3) alongwith Demand Notice u/s. 156 of the Income Tax Act, 1961 both dated 30.12.2010 demanded a sum of ₹ 21,477/- from our Company. Our Company has vide its letter dated 31.01.2011 requested rectification of the said Assessment Order in view of the self assessment tax challan for ₹ 1,11,889 paid by our Company. Thereafter, our Company has paid a sum of `21,477/- to the Income Tax Authorities vide challan (No. 05173) dated 03.11.2011.

1.2.2 AY 2009-10

Our Company has received notice dated 24.08.2010 issued u/s. 143(2) of the Income Tax Act, 1961 from the office of Asst. Commissioner of Income Tax, Circle 3(1), Hyderabad calling upon our Company to furnish certain information and documents with respect to the return filed for the AY 2009-10. The Joint Commissioner of Income Tax, Circle 3(1), Hyderabad has vide Assessment Order dated 25.11.2011 passed u/s. 143(3) of the Income Tax Act, 1961 disallowed Propaganda Expenses of ₹ 10,43,135/-, ROC Fees of ₹ 7,59,500/- and ₹ 11,94,244/- u/s. 43B of Income Tax Act, 1961 for the AY 2009-10. Accordingly, notice of demand dated 25.11.2011 was issued u/s. 156 of the Income Tax Act demanding a sum of ₹ 39,14,400/- from our Company to be paid within a period of 30 days from the receipt thereof. Our Company has on 03.07.2012 filed its request for rectification of the said Assessment Order dated 25.11.2011 on the ground that it has not claimed the ROC charges of ₹ 7,59,500/- as expenditure in its Profit & Loss Account.

1.2.3 *AY 2009-10*

M/s. Sai Silks (*converted into a private company, Sai Silks (Kalamandir) Pvt. Ltd. on 03.07.2008*) filed its return for AY 2009-10 on 30.09.2009 consequent to the return selected for scrutiny under CASS. Accordingly, notice u/s. 143(1) and 143(2) of the Income Tax Act, 1961 were served on our Company by the office of Asst. Commissioner of Income Tax, Circle 6(1), Hyderabad calling upon M/s. Sai Silks from time to time to furnish certain information and documents with respect to the return filed for the AY 2009-10. The Asst. Commissioner of Income Tax, Circle 6(1), Hyderabad has vide Assessment Order dated 21.12.2012 passed u/s. 143(3) of the Income Tax Act, 1961 assessed total tax payable by M/s. Sai Silks at ₹ 2,87,097/- for the AY 2009-10. Accordingly, notice of demand dated 25.11.2011 was issued u/s. 156 of the Income Tax Act demanding that a sum of ₹ 2,87,097/- be paid by M/s. Sai Silks within a period of 30 days from the receipt thereof. Thereafter, our Company has paid a sum of ₹2,87,097/- to the Income Tax Authorities vide challan (No. 06529) dated 22.12.2012.

1.3 Proceedings before Revenue authorities

During the course of local audit of the records maintained at the office of Sub-Registrar, Kukatpally, Ranga Reddy District, it was found that the registered lease deed dated 02.12.2006 (document No. 11486/2006), entered between our Company and the Lessors therein with respect to Kukatpally store, had been allegedly under stamped. Consequently, a notice (No. 5144/LAR/2008) dated 22.01.2011 was issued under Section 41-A of the Indian Stamp Act by the District Registrar, Ranga Reddy District, Govt. of A.P., Registration & Stamps Department calling upon our Company to appear / represent itself before the said District Registrar on 07.02.2011 and pay the deficit stamp duty aggregating to ₹ 9,04,025/-. Our Company has vide its letter dated 20.02.2011 filed its reply to the said notice. The matter is pending adjudication before the said District Registrar.

2. Cases Filed by our Company

2.1 Writ Petition

Our Company has on 30.08.2010 filed a writ petition (W.P.NO. 27388/2010) before the Hon'ble High Court of Karnataka against Union of India and Department of Service Tax, Bangalore praying for a writ of Declaration to declare the amendment made to Section 65 (105) (zzzz) of the Finance Act, 2010 as unconstitutional and declare Notification No. 24/2007-ST dated 22.05.2007 issued by the Union of India levying service tax on the rental amount as being contrary to law and liable to be quashed. Our Company has filed the above petition as it has taken some premises on rent in Bengaluru for running the business of retail outlets and landlords of the said properties had started demanding payment of service tax @ 10.30% on the gross rent paid in view of the above amendments. The Hon'ble High Court vide its interim order dated 12.12.2011 granted stay on the operation of the demand notices sent to the landowners, which stay has been further extended from time to time. In view of the Hon'ble Supreme Court's interim order dated 14.10.2011, the Hon'ble High Court of Karnataka has modified the interim order whereby it has directed the revenue department not to take coercive steps against the petitioners therein (including the Company) for recovery for service tax due on or before 30.11.2011. However, our Company would be liable to pay the service tax in terms of the aforesaid provisions w.e.f. 01.12.2011, if the final outcome of the writ petition goes against our Company.

2.2 Misappropriation of stock

Our Company has lodged a first information report (FIR No. 179/12) on 04.11.2012 u/s. 154 of Criminal Procedure Code, 1973 with the Chickpet Police Station against one Mr. Ponaka Vishnuvardhan Reddy for allegedly committing offences under sections 406 and 420 of the Indian Penal Code (criminal breach of trust and cheating) by misappropriating stock (silk sarees) worth approx. ₹ 31, 00,000/- from our Company's showroom at Chickpet, Bengaluru. The matter is under investigation by the police.

B. CASES INVOLVING OUR COMPANY'S DIRECTORS

1.1 A complaint (CC. No. 409/2011) has been filed u/s. 621 of the Companies Act, 1956 read with sections 190 & 200 of Cr.P.C. before the Court of Special Judge for Economic Offence Court, Nampally, Hyderabad against Mr. N. Naveen, a Non-Executive Independent Director of our Company in his capacity as a director of Farmax India Ltd. (formerly known as Bhagyanagar Castings Limited) and twelve other accused persons/ entities for alleged violation of section 116 (personation of shareholder) & section 628 (false statements) of the Companies Act, 1956 and section 477 (fraudulent cancellation, destruction, etc. of will or valuable security) & section 477A (falsification of accounts) of the Indian Penal Code. Mr. N. Naveen filed a memorandum of criminal petition (No. 921/2012) on 19.01.2012 before the Hon'ble High Court of Hyderabad for quashing the proceedings initiated against him in CC. No. 409/2011. The Hon'ble High Court of Hyderabad has vide its order dated 05.10.2012 dismissed petition filed by Mr. N. Naveen for non-prosecution. The matter (CC. No. 409/2011) is posted for hearing on 18.01.2013.

1.2 Ms. Anita Sakuru, an Independent Director of the our Company, has filed (in her capacity as Director of Kenexa Technologies Pvt. Ltd.) a suit (O.S. No. 797/2012) under section 26 of the Code of Civil Procedure before the Chief Judge City Civil Courts, Hyderabad against Kenexa Technologies Inc. ("**1st Defendant**"), International Business Machines Corporation ("**2nd Defendant**") and Kenexa Technologies Pvt. Ltd., ("**4th Defendant**") (collectively "**Defendants**") seeking declaration that the proposed merger of 1st Defendant with 2nd Defendant be declared illegal in view of the grounds stated in the said plaint and for consequential injunction restraining the Defendants and their officers from proceeding with the proposed merger of the 1st and 2nd Defendants. In this regard, Ms. Anita Sakuru has also filed petition under order 39, Rule 1 & 2 of CPC for seeking interim injunction of restraining the Defendants from proceeding with the proposed merger of 1st and 2nd Defendants pending disposal of the suit. The matter is pending before the said City Civil Court for hearing and disposal.

C. CASES INVOLVING THE GROUP COMPANIES

NIL

D. CASES INVOLVING THE DIRECTORS OF THE GROUP COMPANIES

NIL

E. CASES INVOLVING THE PROMOTERS

A Complaint (No.T-3/02/HZO/2008) dated 29.08.2011 under section 16(3) of FEMA has been filed against Mr. Chalavadi Naga Kanaka Durga Prasad ("Durga Prasad"), Chairman and Managing Director of our Company & others before the Deputy Director, Directorate of Enforcement, Hyderabad ("**Adjudicating Authority**") by the Assistant Director, Directorate of Enforcement, GOI, Hyderabad alleging Mr. Durga Prasad of *inter alia* having contravened the provisions of section 3(b) of FEMA by making cash payments aggregating to ₹ 50,25,503/- during the period March 2002 to January 2003 to Mr. Pennam Sudhakar of USA through persons resident in India namely, Mr. G. Venu and Mr. Srikanth in lieu of NRE cheques/ US dollars arranged by Mr. Pennam Sudhakar. Mr. Durga Prasad had been earlier receiving summons (under Section 37 of FEMA read with Section 131 of the Income Tax Act, 1961) on several occasions since 03.01.2008 in connection with investigation being carried out by the said Assistant Director directing him to appear before the said authorities along with relevant documents/information. Mr. Durga Prasad has received show cause notice (F.No. T-4/15/HZO/2011) dated 29.08.2011 from the Adjudicating Authority requiring him to show cause as to why adjudication proceedings u/s. 16(1) of FEMA should not be initiated against him and as to why penalty should not be imposed on him u/s. 13(1) of FEMA for contravening provisions of section 3(b) of FEMA by making payments of ₹ 38,60,000/- and ₹ 11,65,503/- aggregating to ₹ 50,25,503/- during the period March 2002 to January 2003 to Mr. Pennam Sudhakar of USA through persons resident in India namely, Mr. G. Venu and Mr. Srikanth. Mr. Durga Prasad vide letter dated 26.09.2011 submitted detailed reply for the said show cause notice. The said matter is pending before the said Adjudicating Authority. A maximum monetary penalty of ₹ 1,50,76,509/- i.e. upto thrice the sum involved in the alleged contravention (i.e. ₹ 50,25,503/-) can be imposed by the Adjudicating Authority. Further in addition to the penalty so imposed by the Adjudicating Authority, the Authority may also, if it deems fit, direct that any currency, security, other money, property, etc. in respect of which the contravention has taken place be confiscated by Central Government and further direct that foreign holdings, if any, held by Mr. Durga Prasad be brought back into India or retained outside India.

F. MATERIAL DEVELOPMENTS SINCE THE LAST AUDITED BALANCE SHEET

To the best of our Company's knowledge no circumstances, other than those disclosed below as also those disclosed elsewhere in this RHP, have arisen since the date of the last audited balance sheet for the period ended on October 31, 2012 which materially affect or are likely to affect the trading and profitability of our Company, or the value of its assets or the ability to pay its material liabilities within the next 12 months:

1. Opening of new retail outlet at Hanumakonda on November 3, 2012.
2. Opening one more retail outlet cum administrative office at Door No. 33 (Old No. 502), 46th Cross, 20th Main Road, Jayanagar, Bengaluru- 560 041 during the current financial year.

G. AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS

Save and except the aggregate amount of approx ₹ 531.83 Lakhs, being an amount due to creditors in ordinary course of business as at October 31, 2012, our Company does not owe a sum exceeding ₹ 1 Lakh to any small scaleundertaking or any other creditor which is outstanding for more than thirty days.

GOVERNMENT APPROVALS

The Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other material approvals, save and except the ones already obtained/ applied for, are required by the Company for carrying on its present business activities. It must, however, be distinctly understood that in granting the above approvals, the government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

The following statement sets out the details of licenses, permissions and approvals taken / applied for by the Company under various central and state laws for carrying out its business.

I. Approvals pertaining to the Company's business

Sr. No	Particulars	Granting Authorities	Registration/Approval/Code No./ Artistic Work No.	Date of Issue	Valid upto
1.	Certificate of Incorporation	Registrar of Companies, A.P.	U52190AP2008PLC059968	03.07.2008	-
2.	Fresh Certificate of Incorporation upon conversion to Public Limited Company	Registrar of Companies, A.P.	U52190AP2008PLC059968	21.05.2009	-
3.	Permanent Account No.	Income Tax Department, Govt. of India	AAMCS1175P	03.07.2008	-
4.	Tax Deduction Account No. (TAN)	Income Tax Department, Govt. of India	HYDS22512A	14.07.2008	-
5.	Registration under Employees State Insurance Act, 1948	Employees State Insurance Corporation, Regional Office Hyderabad	52-24987-101	09.11.2005	-
6.	Registration under Employees Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund Commissioner, Hyderabad	AP/HY/51631	17.11.2005	-
7.	AP Professional Tax Payer Enrollment Certificate	Commercial Tax Officer, Punjagutta	28625680061	28.02.2012	-
8.	AP Professional Tax Payer Registration Certificate	Commercial Tax Officer, Punjagutta	28128214275	28.02.2012	
9.	Karnataka Professional Tax Payer Registration Certificate	Commercial Tax Officer, Bangalore	P00310904	21.05.2009	-
10.	Tax Payers' Identification Number (TIN) under A.P. Value Added Tax Act, 2005, A.P.	Commercial Tax Officer, Punjagutta, Hyderabad	28531009785	09.03.2010	-
11.	Tax Payers' Identification Number (TIN) under Karnataka Value Added Tax Act, 2003	Asst. Commissioner of Commercial Taxes, Bangalore	29540808210	21.09.2012	-
12.	Registration under Karnataka Shops & Establishments Act, 1961 in respect of the following retail outlets situated at:	Inspector, under Karnataka Shops & Establishments Act, 1961			

Sr. No	Particulars	Granting Authorities	Registration/Approval/Code No./ Artistic Work No.	Date of Issue	Valid upto
	Jayanagar		168/CE-1223/2008	07.11.2012	31.12.2016
	Chickpet (DM Arcade)		SLIB-20/28 / S-5576/2009	09.03.2009	31.12.2013
	Chickpet (Shop No. 245)		109/SLI-20/SHOP 7345/2011	26.08.2011	31.12.2015
	M.G. Road		111/CE-586/2012	07.11.2012	31.12.2017
	Malleswaram		SLI-47/65/S-082/2012	09.11.2012	31.12.2017
	Marathahalli		SLI-15/CE-85/5/77/2012-13	06.11.2012	31.12.2017
13.	Registration under A.P. Shops & Establishments Act, 1988 w.r.t.Ameerpet (Registered Office)		ACLII/HYD/1406/2012	11.10.2012	31.12.2013
14.	Registration under A.P. Shops & Establishments Act, 1988 in respect of the following retail outlets:	Inspector & Deputy Commissioner under A.P. Shops & Establishments Act, 1988			
	Ameerpet (Pavani Prestige)		DCL-I/HYD/13/2005	10.02.2012	31.12.2012#
	Kukatpally		DCL-I/HYD/231/2008	10.02.2012	31.12.2012#
	Dilsukhnagar		DCL-II/HYD/48/2009	-	31.12.2012#
	Banjara Hills		DCL-II/HYD/116/2011	-	31.12.2012#
	Vijayawada		166/DCL,VJA	12-12-2012	31.12.2013
	Hanamkonda		44/DCL,Wgl	09.11.2012	31.12.2013
	Secunderabad		DCL-I/HYD/200/2012	10.02.2012	31.12.2012#
15.	*Approval to enter into Registered User License Agreement between the Company and its Promoter Mrs. Jhansi Durga Prasad for use of Trade Mark "KALAMANDIR"	Regional Director, Ministry of Corporate Affairs, Hyderabad	10/297/AP/04/2011	01.08.2011	31.07.2016

** Presently the said Trade Mark "KALAMANDIR" (No. 1384933) under Class 24 is registered in the name of the Company's Promoter, Mrs. Jhansi Durga Prasad*

Application made for renewal but not yet obtained

II. Approvals pertaining to Wind Farm Project at Kurnool, Andhra Pradesh

APCPDCL had vide its letter (No. SE/O/KNL/CML/SBE-III/D.No. 777/10) dated 13.07.2010 granted its approval to Shriram EPC Ltd. ("**SEPC**") for setting up of 4 MW Wind Power Project at Kondameedipalli (V) in Kolimigundia (M) in Kurnool district, A.P. at 33 KV level for Power Evacuation through open access provided the work was executed on turnkey basis. The Company had communicated to NEDCAP that they have placed order with SEPC for setting up 2MW capacity at Kondamedapally, Kurnool, A.P. ("**Kurnool Plant**") and requested for transfer of 2 MW capacity in their favour out of the 4 MW wind farm capacity allotted to SEPC. SEPC has given its consent vide letter dated 09.08.2010 for transferring 2 MW capacity wind farm out of the 4 MW capacity allotment accorded to them in favour of the Company. Further, NEDCAP has accorded its permission vide its letter dated 16.08.2010 for transfer of 2 MW wind farm project at Kondamedapally, Kurnool in the Company's name out of the wind farm allotment given to SEPC vide letter No. NEDCAP/WE/5088/2009/1600 dated 04.12.2009. Subsequently the Company has on 31.03.2011 entered into PPA (No. 33/2010-11) with APCPDCL for sale of power on the terms and conditions contained therein.

The details pertaining to the Kurnool Plant are mentioned below:

Sr. No	Particulars	Granting Authority	Registration/Approval/Code No./ Artistic Work No.	Date of Issue	Valid upto
1.	Permission to transfer 2 MW wind power capacity in favour of the Company out of the 4 MW capacity allotted to Shriram EPC Ltd.	VC & Managing Director, NEDCAP	NEDCAP/WE/4694/ 2010	16.08.2010	-
2.	Consent to enter into draft Power Purchase Agreement dated 01.12.2010 to be entered between APCPDCL and the Company in respect of 2MW Wind Power Project	Secretary, APCPDCL	E – 841/Dir-Engg/DD(PPP)/ D.No. 2871/2011	30.03.2011	-
3.	Approval for energisation of HV Electrical Installation equipment under Rule 63(2) of Indian Electricity Rules, 1956	Chief Electrical Inspector to Govt. of A.P.	Lr. No. CEIG/TS/HV/WM(PP)/KNL-56/D.No. 525/11	30.03.2011	-
4.	Commissioning Certificate for 1 MW wind energy generation	Divisional Elecl. Engineer, APCPDCL	Lr. No. DEE/O/NDL/Coml./ F.No. Shriram EPC/D.No. 436/12	06.04.2011	-
5.	Commissioning of 1 MW Wind energy generation w.e.f. 31.03.2011	Chief General Manager (Comml & RAC), APCPDCL	Lr. No. CGM (Comml & RAC)/SE(IPC)/F. Sai Silks/D. No. 328/11	04.07.2011	-
6.	Commissioning of balance 1 MW Wind energy generation w.e.f. 31.03.2011	Chief General Manager (Comml & RAC), APCPDCL	Lr. No. CGM (Comml & RAC)/SE(IPC)/F. Sai Silks/D. No. 513/11	03.09.2011	-

III. Approvals applied for but not yet obtained

Sr. No.	Particulars	Granting Authority/ Applied to	Application/ Challan/ Reference / Acknowledgement No.	Date of Application / Acknowledgment
1.	Registration of Trade Mark “ONLY SILK” under Class 24	Registrar of Trade Marks	2072332	22.12.2010
2.	Registration of Trade Mark “ONLY SILK” under Class 25	Registrar of Trade Marks	2072333	22.12.2010
3.	Registration of Trade Mark “ONLY SILK” under Class 35	Registrar of Trade Marks	2072334	22.12.2010
4.	Registration of Trade Mark “FASHION TEMPLE” under Class 24	Registrar of Trade Marks	2081493	06.01.2011
5.	Registration of Trade Mark “FASHION TEMPLE” under Class 25	Registrar of Trade Marks	2081494	06.01.2011
6.	Registration of Trade Mark “FASHION TEMPLE” under Class 35	Registrar of Trade Marks	2081495	06.01.2011
7.	Registration of Trade Mark “MANDIR” under Class 24	Registrar of Trade Marks	2081496	06.01.2011
8.	Registration of Trade Mark “MANDIR” under Class 25	Registrar of Trade Marks	2081497	06.01.2011
9.	Registration of Trade Mark “MANDIR” under Class 35	Registrar of Trade Marks	2081498	06.01.2011
10.	Registration of Trade Mark “KALAMANDIR” under Class 3	Registrar of Trade Marks	2087498	20.01.2011
11.	Registration of Trade Mark “KALAMANDIR” under Class 26	Registrar of Trade Marks	2087499	20.01.2011
12.	Registration of Trade Mark “MANDIR” under Class 3	Registrar of Trade Marks	2087500	20.01.2011
13.	Registration of Trade Mark “MANDIR” under Class 26	Registrar of Trade Marks	2087501	20.01.2011
14.	*Registration for use of trade mark “KALAMANDIR” (No. 1384933) under Class 24 by the Company as Registered User.	Registrar of Trade Marks Registry, Trade Marks, Chennai	DD/Hyd/MR/TM/870	17.08.2011
15.	Registration of Trade Mark “VARAMAHALAKSHMI” under Class 24	Registrar of Trade Marks, Trade Marks Registry, Chennai	2382981	22.08.2012
16.	Registration of Trade Mark “VARAMAHALAKSHMI” under Class 25	Registrar of Trade Marks, Trade Marks Registry, Chennai	2382980	22.08.2012
17.	Registration of Trade Mark “VARAMAHALAKSHMI” under Class 35	Registrar of Trade Marks, Trade Marks Registry, Chennai	2382982	22.08.2012
18.	Renewal of registration under A.P. Shops & Establishments Act, 1988 in respect of the following retail outlets situated at:	Commissioner of Labour		
	Ameerpet		187556	29.11.2012
	Dilsukhnagar		187557	29.11.2012
	Kukatpally		187558	29.11.2012
	Banjara Hills		187560	29.11.2012
	Secunderabad		187559	29.11.2012

Sr. No.	Particulars	Granting Authority/ Applied to	Application/ Challan/ Reference / Acknowledgement No.	Date of Application / Acknowledgment
	Guntur		74502	28.11.2012
	Kukatpally (Warehouse)		197764	21.12.2012
19.	Application for registration made under Tamil Nadu Industrial Establishments (National and Festival Holidays) Act, 1958 w.r.t. Kanchipuram shop	Asst. Inspector of Labour, Kanchipuram	-	20.12.2012
20.	Application made by Shriram EPC (present allottee) for transfer of allotment of revenue land bearing survey nos. 690, 691/1, 691/3 and 692, Thummalapenta village of Kondameedipalli Mabndal Village, Kolimigundla Mandal, Kurnool, A.P. in favour of the Company	NEDCAP	-	31.12.2012

IV. Approvals to be applied for

1. Application for registration under Tamil Nadu Shops and Establishments Act, 1947 w.r.t. Kanchipuram retail outlet.

SECTION VIII - REGULATORY AND STATUTORY DISCLOSURES

Authority for the Present Issue

The issue of Equity Shares by our Company has been approved by the resolution of the Board of Directors passed at its meeting held on April 1, 2011. The shareholders of our Company authorized and approved this Issue under section 81(1A) of the Act by a Special Resolution in the Extra Ordinary General Meeting of the Company held on April 29, 2011.

Prohibition by SEBI & RBI

We confirm that neither our Company, Promoters, Promoter Group, Directors or persons in control of the company nor companies with which any of the Promoter, Directors or persons in control of the company are or were associated as a promoter, director or persons in control are debarred or have been prohibited from accessing the capital market under any order, direction passed by the SEBI or any other authorities.

Our directors are not in any manner associated with the securities market and SEBI has not initiated any action against any of our directors.

None of our Company, Directors, Promoters, relatives (as per Companies Act, 1956) of Promoters has been identified as a willful defaulter by the RBI or other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations, 2009 as explained under, with the eligibility criteria calculated in accordance with Restated Audited Financial Statements:

a) Our Company has net tangible assets of at least ₹3 Crores in each of the preceding 3 full years, of which not more than 50% are held as monetary assets.

₹. in Lakhs)

Particulars	Year Ended March 31,				
	2008	2009	2010	2011	2012
Net Tangible Assets*	**1448.56**	**2275.53**	**2532.60**	**3510.33**	**4657.50**
Monetary Assets	292.76	61.97	108.25	302.33	288.17
Monetary Assets as a percentage of Net Tangible Assets	20.21%	2.72%	4.27%	8.61%	6.19%

*Net tangible assets means the sum of all the net assets of the Company excluding intangible assets as defined in Accounting Standard 26(AS 26) issued by Institute of Chartered Accountatnts of India. The above Net Tangible Assets is arrived at after deducting Miscellaneous Expenses (to the extent not written off) which is shown under Other Non Current Assets in the Restated Financial Statements. . Monetary assets include cash on hand, bank balances and fixed deposits having maturity less than one year.

b) Our Company's Average Pre-tax Operating Profit derived from Restated Summary Statement of our company for the last five financial years, included in this RHP, is set forth below:

(₹. in Lakhs)

Particulars	Year Ended March 31,				
	2008	2009	2010	2011	2012
Pre tax operating profit@	244.57	941.63	1130.31*	1866.75*	2764.21*
*Average Pre-tax Operating Profit based on the three most profitable years (FY 2010, FY 2011 and FY2012) out of the immediately preceding five years is ₹ 1920.42 Lakhs.					

@ As per clause 41 of the Listing Agreement

c) Our Company has a Net Worth of at least ₹ 1 Crore in each of the preceding 3 full years (of 12 months each)

(₹. in Lakhs)

Particulars	Year Ended March 31,				
	2008	2009	2010	2011	2012
Equity Share Capital	1448.56	2000.00	2000.00	2000.00	2022.00
Share Application Money	0.00	0.00	0.00	165.00	0.00
Reserve & Surplus	-	304.52	590.02	1430.47	2742.71
Total	**1448.56**	**2304.52**	**2590.02**	**3595.47**	**4764.71**
Less: Miscellaneous expenditure not written off	-	13.45	31.60	33.62	61.08
Less: Deferred Tax Assets	-	-	-	-	-
Net Worth	**1448.56**	**2291.07**	**2558.42**	**3561.85**	**4703.63**

d) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

e) Our Company has not changed its name within last one year.

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 12 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

DISCLAIMER CLAUSES

SEBI DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGERS, ASHIKA CAPITAL LIMITED AND VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ASHIKA CAPITAL LIMITED AND VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MAY 26, 2011 WHICH READS AS FOLLOWS:

i. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

ii. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,**

    WE CONFIRM THAT:

    (A) **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
    (B) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
    (C) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

iii. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

iv. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE.**

v. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

vi. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS**

vii. **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.**

viii. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

ix. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.**

x. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTED SHARES IN DEMATERIALISED MODE ONLY.**

xi. **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.**

xii. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

xiii. 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.

xiv. 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.

xv. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME; WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE DRHP.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

The Promoters/Directors of our Company confirms that no information / material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Offer Document has been suppressed / withheld and / or incorporated in the manner that would amount to mis-statement / misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and / or amounts to a mis-statement/ misrepresentation, the Promoters / Directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

Price Information of Past Issues handled by BRLMs

1. Price information of past IPOs handled by Ashika

Sr. No	Issue Name	Issue Size (₹ Cr.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on Listing Date (Closing) vs. Issue Price	Benchmark Index[1] on Listing Date (Closing)	Closing Price as on 10th Calendar Day from Listing Day	Benchmark index as on 10th Calendar Day from Listing Day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar days from listing day (Closing)
1	Olympic Cards Limited	23.37	30.00	March 28, 2012	29.95	28.50	-5.00%	17121.62	29.00	17222.14	29.95	17150.95	29.05	17130.67
2	Vaswani Industries Limited	49.00	39.20*	October 24, 2011#	33.45	17.75	-54.71%	16939.28	11.43	17464.85	13.57	17118.74	10.78	16065.42
3	VMS Industries Limited	25.75	40.00	June 14, 2011	43.95	28.50	-28.75%	18308.66	14.30	17727.49	14.25	18814.48	14.20	18596.02
4	Sudar Garments Limited	69.98	77.00	March 11, 2011	74.00	113.10	46.88%	18174.09	104.35	17839.05	116.65	19290.18	116.05	19262.54

5	Bedmutha Industries Limited	91.80	102.00	October 14, 2010	114.40	180.80	77.25%	20497.64	204.20	20303.12	176.05	20345.69	116.95	20156.89

* Issue Price was ₹ 49/- and due to the issue of bonus shares in the ratio of 1:4, the diluted price arrived at ₹ 39.20/-
# The trading commenced on the said date whereas the shares of the Company got listed on September 20, 2011

Notes:
1. The BSE Sensex is considered as the Benchmark Index
2. Price on BSE is considered for all of the above calculations
3. In case 10th/ 20th/30th day is not a trading day, closing price of the next trading day on BSE has been considered

2. Summary Statement of price information of past IPOs handled by Ashika

Financial Year	Total no. of IPOs	Total Funds Raised (₹ 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 Date			Nos. of IPOs Trading at Premium as on 30th Calendar Day from Listing Date		
			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%
2011-2012	3	98.12	1	1	1	-	-	-	2	-	1	-	-	-
2010-2011	2	161.78	-	-	-	1	1	-	-	-	-	1	-	1
2009-2010	0	-	-	-	-	-	-	-	-	-	-	-	-	-

Track Record of past issues handled by Ashika

For details regarding track record of BRLM to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the BRLM at: http://www.ashikagroup.com/About/WhatsNew.aspx?id=6

3. Price information of past IPOs handled by Vivro

Sr. No	Issue Name	Issue Size (₹ Cr.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on Listing Date (Closing) vs. Issue Price	Benchmark Index[1] on Listing Date (Closing)	Closing Price as on 10th Calendar Day from Listing Day	Benchmark index as on 10th Calendar Day from Listing Day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar days from listing day (Closing)
1	-	-	-	-	-	-	-	-	-	-	-	-	-	-

4. Summary Statement of price information of past IPOs handled by Vivro

Financial Year	Total no. of IPOs	Total Funds Raised (₹ 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 Date			Nos. of IPOs Trading at Premium as on 30th Calendar Day from Listing Date		
			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%
2011-2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010-2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009-2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Track Record of past issues handled by Vivro

For details regarding track record of BRLM to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the BRLM at: http://www.vivro.net/offer_document.php

Caution - Disclaimer statement from Our Company & BRLMs:

Our company and the BRLMs accept no responsibility for statements made otherwise than in the offer document or in the advertisement or any other material issued by or at the instance of the issuer and that anyone placing reliance on any other source of information including website of our company http://www.kalamandir.com, would be doing so at his own risk.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the Book Running Lead Managers and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLMs 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 bidding centres or elsewhere.

Neither our Company nor the Syndicate Members are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, 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 Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any 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 not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to and to FIIs, eligible NRIs and other eligible foreign investors (i.e., FVCIs, multilateral and bilateral development financial institutions). This RHP does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this RHP comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the RHP has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this RHP may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this RHP nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States (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. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Disclaimer Clause of BSE

BSE Limited (the "Exchange") has given vide its letter dated July 27, 2011, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c) 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 the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which maybe suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of the Offer Document has been submitted to National Stock Exchange Limited (hereinafter refered to as NSE) has given vide its letter Ref. No. NSE/LIST/144306 -H dated September 09, 2011 permission to the Issuer to use the Exchange's name in this offer document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever".

Filing

A copy of the Red Herring Prospectus has been filed with the Corporate Finance Department, Division of Issues & Listing of SEBI at SEBI Bhavan, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Hyderabad situated at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad- 5000195. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the RoC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Application has been made to the BSE Limited and National Stock Exchange of India Limited, for permission to deal in and for an official quotation of the Equity Shares to be issued under the present public offer pursuant to this document.

BSE Limited shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion. In-principle approvals for listing of the equity shares of the Company from BSE & NSE has been received *vide* their letter dated July 27, 2011 & September 09, 2011 respectively.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the BSE Limited and National Stock Exchange of India Limited, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this RHP. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 7 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

Consents

Necessary Consents for the issue have been obtained from the following:

1. Directors of our Company
2. Statutory Auditors of our Company
3. Peer Review Auditor
4. Book Running Lead Managers to the Issue
5. Syndicate Members
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Company Secretary & Compliance Officer
9. IPO Grading Agency
10. Bankers to our company
11. Bankers to the Issue
12. Underwriters to Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad- 500195 India as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn upto the time of delivery of the Red Herring Prospectus, for registration with the RoC.

Expert Opinion

Except for the report of the Peer Review Auditor on the Restated Audited Financial Statements and report of ICRA Limited in respect of IPO grading of this Issue which is annexed, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately ₹ **[●]** Lakhs. 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 and listing fees. Our Company would pay all expenses with respect to the Issue.

The estimated Issue expenses are as under:

Sr. No.	Particulars	Amount (₹ in Lacs) *	Percentage of Total Estimated Issue Expenditure *	Percentage of Issue Size *
1.	Fees of BRLMs/Syndicate Member(s)/Registrar/Legal Advisor	[●]	[●]	[●]
2.	Underwriting commission ,brokerage, commission to non-syndicate / trading members,	[●]	[●]	[●]

	selling commission etc.			
3.	IPO Grading fees, Advertising & marketing expenses ,printing & stationery ,distribution ,postage etc.	[●]	[●]	[●]
4.	Filing fees of SEBI & Stock Exchanges fees including processing and bidding terminals fees	[●]	[●]	[●]
5.	SCSB's / Syndicate ASBA commission	[●]	[●]	[●]
6.	Other expenses (Auditors fees, Industry Report fees, Advisory fees etc.)	[●]	[●]	[●]
	Total Estimated Issue Expenditure	[●]	[●]	[●]

** will be completed after finalization of Issue Price*

Our Company shall pay Commission for uploading the bid to Non-Syndicate / Trading Members @ ₹ 15/- per valid application procured from retail individual bidders (ASBA & Non-ASBA bidders) and @ ₹ 25/- per valid application procured from non- institutional bidders (ASBA bidders). Further, SCSBs would be entitled to a processing fee of ₹ 10/- per valid Bid cum Application Form for ASBA bidders.

IPO Grading

This Issue has been graded by ICRA Limited and has been assigned the "IPO Grade 2" indicating below average fundamentals through its letter dated December 18, 2012. The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and "IPO Grade 1" indicates poor fundamentals. For details of the summary of rationale for the grading assigned by the IPO grading Agency, please see Annexure 1 on page no. 356. Attention is drawn to the disclaimer appearing on page no 357

Disclaimer of IPO Grading Agency

Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timelines, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating.

Further the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature. For information on any IPO grading assigned by ICRA, please contact 'Client servicing' at 91- 040-40676500, or via email: info@icraindia.com. For more information on ICRA IPO grading, please visit http:/ /www.icra.in

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 inception.

Previous Rights and Public Issues

Our Company has not made any public issue (including any rights issues to the public) since its inception.

Details of Capital Issues made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1) (b) of the companies act, 1956. There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of sec 370(1) (b) of the act at present or during the last three years.

Promise v/s performance

Our Company has not undertaken any previous public or rights issue.

None of the Group Entities or associates of our Company is listed on any stock exchange.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page no 60 of this Red Herring Prospectus, our Company has not made any previous issues of Equity Shares for consideration otherwise than for cash.

Outstanding Debentures, Bond Issues, or Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares or other such instruments as of the date of this Red Herring Prospectus.

Stock Market Data for our Equity Shares

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

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 one year from the last date of despatch 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 or 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 Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY

Our Company and / or the Registrar to the Issue and / or the SCSB in case of ASBA Bidders shall redress routine investor grievances within 10 business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Shareholders/Investors Grievance Committee for the redressal of investor grievances. The constitution of the Shareholders and Investors Grievance Committee is as follows:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Naveen Nandigam	Chairperson	Independent
2.	Ms. Anita Sakuru	Member	Independent
3.	Mr. Chalavadi Naga Kanaka Durga Prasad	Member	Non-Independent

We have also appointed Mr. Soumith Kumar Sikinderpurkar, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post Issue related problems, at the following address:

Sai Silks (Kalamandir) Limited
6-3-790/8, Flat No. 1,
Bathina Apartments,
Ameerpet,
Hyderabad 500016
Tel: +91 40 6656 6555
Fax: +91 40 6610 6699
Email: ipo@kalamandir.com
Website: http://www.kalamandir.com

Disposal of investor grievances by listed companies under the same management as our Company

There are no listed companies under the same management as our Company.

Change in Auditors

There has been no change in our Auditors since inception.

Capitalization of Reserves or Profits

Our Company has not capitalized our reserves or profits since its inception, except as stated in the section titled "Capital Structure" on page no 60 of this Red Herring Prospectus.

Revaluation of Assets

We have not revalued our assets since inception.

SECTION IX: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the CAN 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, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, Registrar of Companies, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari-passu* with the existing Equity Shares of Our Company including rights in respect of dividend. The Allottees in receipt of allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see "Main Provisions of the Articles of Association" on page no 307 of this Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividend to our Shareholders as per the provisions of the Companies Act and our Articles of Association. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of Our Articles of Association" on page no 307 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI (ICDR) Regulations, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [•] Equity Shares.

The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLMs, and advertised in 1 edition of English national daily, 1 edition of Hindi national daily 1 edition of regional language newspaper at least five working days prior to the Bid/ Issue Opening Date.

Nomination Facility to Investor

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

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

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

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Period of operation of subscription list of public issue

BID/ISSUE OPENS ON	**FEBRUARY 11, 2013**
BID/ISSUE CLOSES ON	**FEBRUARY 13, 2013**

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to repay the subscription amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of Regulation 26(4) of the SEBI (ICDR) Regulations, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

Arrangement for disposal of odd lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restriction on transfer of shares

Except for lock-in of the pre-Issue Equity Shares and Promoters minimum contribution in the Issue as detailed in the section “Capital Structure” on page no 60 and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. For further details, see “Main Provisions of our Articles of Association” on page no 307 of this Red Herring Prospectus.

Compliance with SEBI (ICDR) Regulations, 2009

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Option to Receive Securities in Dematerialised Form

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

ISSUE STRUCTURE

Issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ 8900.00 Lakhs. The Issue will constitute [●] % of the post Issue paid up capital of our Company.

The Issue is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	[●] Equity Shares	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allotment/allocation	10% of the Issue Size being allocated. However, 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 35% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 55% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	In the event, the Bids received from Retail Individual Bidders exceeds [●] Equity Shares, then the maximum number of Retail Individual Bidders who can be allocated/Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for allocation/Allotment to Retail Individual Bidders by the minimum Bid Lot (“**Maximum RII Allottees**”). The allocation/Allotment to Retail Individual Bidders will then be made in the following manner: • In the event the number of Retail Individual Bidders who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) Retail Individual Bidders shall be allocated / Allotted the

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
			minimum Bid Lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Portion shall be allocated/ Allotted on a proportionate basis to the Retail Individual Bidders who have received allocation/Allotment as per (i) above for less than the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot). • In the event the number of Retail Individual Bidders who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the Retail Individual Bidders (in that category) who will then be allocated/ Allotted minimum Bid Lot shall be determined on draw of lots basis.
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares so that the Bid Amount is less than ₹ 200,000 and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million in accordance with applicable law and National Investment Fund, Fund, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by Department of Posts, India.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals and Eligible QFIs	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta). .
Terms of Payment	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the Syndicate #	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the Syndicate #	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the Syndicate #
Mode of Payment	Only through the ASBA process	Only through the ASBA process	Either through ASBA or through normal banking channels.

In case of ASBA Bidders, the SCSB shall be authorised, either directly or through the Syndicate ASBA / Non-Syndicate Members, to block such funds in the bank account of the ASBA Bidder that are specified in the Bid cum Application Form.

* 10% of the Issue shall be allotted to QIBs on a proportionate basis subject to valid Bids received at a price above the Floor Price. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The balance of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (including Mutual Funds), subject to valid Bids being received from them above the Floor Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated to the QIBs on proportionate basis. Further, not less than 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders subject to valid Bids received at the Floor Price. Additionally, not less than 55% of the Issue will be available for allocation to Retail Individual Bidders subject to valid Bids being received at the Floor Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

** In case of joint bids, the bidders should ensure that only the name of the first Bidder is required to be mentioned in the Bid cum Application Form, whose name should also appear as the first holder of the beneficiary account.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date including after the Bid / Issue Closing Date but before the Board meeting for Allotment, without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC acknowledgement of the Prospectus after it is filed with the RoC. Under the SEBI Regulations, QIBs and Non Institutional Investors shall neither withdraw nor lower the size of their bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. The Retail Individual Investors may either withdraw or revise their bids until finalisation of allotment.. If our Company does not receive minimum subscription of 90% of the Issue size, including devolvement of the members of the syndicate, our Company shall forthwith refund the entire subscription amount received. In case, our Company withdraws the Issue, our Company will give public notice giving reasons for withdrawal of Issue. The BRLMs, 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 Public Notice will appear in an English national newspaper, a Hindi national newspaper and one regional language newspaper with wide circulation.

If our Company withdraws the Issue after the Bid/Issue Closing Date and subsequently decides to undertake a public issue of Equity Shares, our Company will file a fresh draft offer document with SEBI and the stock exchanges where the Equity Shares may be proposed to be listed.

Bidding/Issue Programme

BID/ISSUE OPENS ON	**FEBRUARY 11, 2013**
BID/ISSUE CLOSES ON	**FEBRUARY 13, 2013**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids the Bids and any revision of bids (excluding the ASBA Bidders) shall be accepted only between 10:00 AM and 3:00 PM (Indian Standard Time) during the bidding period and shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of ₹ 200,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to ₹ 200,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in pubic offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays). Neither our Company nor any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations,2009 provided that the Cap Price is less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side *i.e.* the floor price can move up or down to the extent of 20% of the floor price disclosed at least five Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

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

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applicants before making their application through ASBA process. ASBA Bidders should note that they may submit their ASBA Bids to the members of the Syndicate at the Syndicate ASBA Bidding Centres / Trading Members or to the SCSBs. ASBA Bidders may also apply electronically through the internet banking facility wherever provided for by the SCSB. Bidders other than ASBA Bidders are required to submit their Bids to the Members of the Syndicate / Trading Members.

Please note that all the Bidders are required to make payment of the full Bid Amount or ensure that the ASBA Account has sufficient credit balance such that the Bid Amount can be blocked by the SCSB at the time of making the Bid.

Please note that the Bidders, who wish to bid in this issue on the electronic application platform through Trading Members, shall download the Bid cum Application Form from the website of BSE / NSE. The Stock Exchanges shall ensure that the information relating to price band is pre-filled in such downloadable Bid cum Application Form. The details of such Trading Members have been disclosed on the websites of the Stock Exchanges. Futher, the Bidders can view the status of their Bid cum Application Forms on the Stock Exchanges websites.

The Book Running Lead Managers and the company shall not be responsible or liable for any errors or omissions on the part of Trading Members in connection with the responsibility of such Trading Members in relation to the collection and upload of applications in this Issue on the electronic application platform provided by the Stock Exchanges. The Stock Exchanges shall be responsible for addressing investor grievances arising from applications through Trading Members. The Stock Exchanges shall provide for a mechanism to distinguish Bid cum Application Forms from Syndicate and Non-Syndicate Members so as to calculate the quantum of compensation / commission payable to Non-Syndicate Members.

It may be noted that pursuant to the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 ASBA facility has been made mandatory for non-retail investors (i.e. Qualified Institutional Buyers and Non-Institutional Investors).

Further, pursuant to SEBI Circular bearing No CIR/CFD/DIL/4/2011 dated September 27, 2011, the application cum Bidding form has been standardized i.e., THERE IS A SINGLE FORM FOR ASBA AND NONASBA APPLICANTS.

Further, pursuant to SEBI Circular bearing No CIR/CFD/14/2012 dated October 4, 2012, Non-Institutional Bidders and Retail Individual Bidders may apply through electronic form and use nation wide Non-Syndicate / Trading Members for submitting bid cum application forms. This mechanism can be used to submit bids through ASBA as well as Non-ASBA by Retail Individual Bidders and through ASBA by Non-Institutional Bidders.

Further, please note that pursuant to the SEBI (ICDR) (Fourth Amendment), certain aspects, such as withdrawal and revision of Bids, manner of allocation to Retail Individual Bidders and announcement of Price Band, have been modified. Please note that such modifications have come into effect from October 12, 2012 and all Bidders are advised to read this section carefully before participating in the Issue.

Book Building Procedure

Pursuant to Rule 19 (2) (b) (i) of the SCRR, the Issue is being made for more than 25% of the post-Issue paid up Equity Share capital of our Company. The Issue is being made through the 100% book building method where in 10% of the Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated to mutual funds). Further, not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 55% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs and Non-Institutional Bidders can participate in this Issue only through the ASBA process while Retail Individual Bidders have the option to Bid through the ASBA process. Bidders applying through the ASBA process can do so by submitting Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or through the members of the Syndicate/ sub-Syndicate/ Trading Members. However, ASBA Bids submitted through the Members of the Syndicate is permitted only at the Syndicate ASBA Bidding Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Kindly note that Bid cum Application Forms submitted by ASBA Bidders to members of the Syndicate at the Syndicate ASBA Bidding Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit the Bid cum Application Form (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries)

Any Bidder may participate in this Issue through the ASBA process by providing the details of their respective bank accounts / bank account held by a third party (subject to conditions as set forth hereinbelow) in which the corresponding Bid amounts will be blocked by SCSBs. Non- retail Bidders are mandatorily required to make use of the ASBA facility. All ASBA Bidders can submit their Bids through the Members of the Syndicate (at Syndicate ASBA Centres)/ Trading Members. Pursuant to SEBI circular no, CIR/CFD/DIL/1/2011 dated April 29, 2011, the Syndicate/ sub-syndicate members may procure the Bid cum Application Form from investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Baroda, and Surat and submit the same to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the Bid cum Application Form in the electronic bidding system provided by the Stock Exchange and forward the same to the SCSBs.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bidders are required to ensure that the PAN (of the sole/ first Bidder) provided in the Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held.

Bidders can Bid at any price within the Price Band. Bidders shall, in the relevant column, indicate the Bid price. The Price Band, and the Bid lot for the Issue will be decided by our Company, in consultation with the BRLMs, and published at least five Working Days prior to the Bid opening date, in an English national daily newspaper, a Hindi national daily newspaper and a regional language newpaper each with wide circulation, with the relevant financial ratios calculated at the Floor Price and at the Cap Price. Such information shall also be disclosed to the Stock Exchanges for dissemination through, and shall be prefilled in the Bid cum Application Forms available on, the Stock Exchanges' websites.

Single bid 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.

Bid cum Application Form

Pursuant to SEBI circular CIR/CFD/DIL/4/2011 dated September 27, 2011, Bid cum Application Forms have been standardized and it has been decided that henceforth there would only be a single form for ASBA and non-ASBA Bidders. It has also been decided that the Bid cum Application Form (accompanied with abridged prospectus) would be printed in a booklet form of A4 size paper.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, Eligible QFIs, FIIs applying on a repatriation basis	Blue

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate / Members of the Syndicate / Trading Members. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.The collection centre will, after the Bid has been uploaded, acknowledge the uploading of the Bid cum Application Form or Revision Form by stamping the acknowledgment slip with the date and time and return it to the Bidder. This acknowledgment slip shall serve as the duplicate of the Bid cum Application Form for the records of the Bidder and the Bidder shall preserve this and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

ASBA Bidders shall submit the Bid cum Application Form to the SCSBs / Syndicate ASBA / Trading Members authorizing blocking of funds that are available in the bank account specified in the Bid cum Application Form only. ASBA Bidders shall submit a Bid cum Application Form either in physical or electronic form. In case of application in physical form, the ASBA bidders shall submit a complete form to the designated branch of SCSBs or to the Syndicate ASBA. In case of application in electronic form, the ASBA bidders shall submit a complete form either through the internet banking facility available with the SCSBs or Syndicate ASBA or Trading Member for bidding and blocking funds that are available in the bank account specified in the Bid cum Application Form only. The Bid cum Application Form will also be available on the website of BSE & NSE at least one day prior to the Bid/Issue Opening Day. The BRLMs and the SCSBs will provide the hyperlink to the BSE & NSE website on their respective websites.

Upon filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to a Syndicate or the SCSB or Trading Member, the Bidder or the ASBA Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder.

Who can Bid**?**

- Indian nationals, resident in India, who are competent to contract under Indian Contract Act, 1872 as amended and Minors, having valid demat account as per demographic details provided by Depositories.;
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Indian Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws;
- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI (ICDR) Regulations and regulations, as applicable);
- FIIs and sub-accounts (other than a sub-account which is a foreign corporate or foreign individual under the QIB category) registered with SEBI;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only in the Non-Institutional Portion;
- Venture Capital Funds registered with SEBI;
- Eligible QFIs;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of ₹ 2500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of ₹ 2500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Limited liability partnerships;
- National Investment Fund set up by resolution no. F. No. 2/3/2005- -DD-11 dated November 23, 2005 of the Government of India published in the Gazette of India;

- Insurance funds set up and managed by the army, navy or air force of the Union of India;
- Insurance funds set up and managed by Department of Posts, India. And
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Participation by Associates of BRLMs and Syndicate Members

The BRLMs and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis. Such holding or subscription may be on their own account or on behalf of their clients.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the name of the scheme concerned for which the Bid has been made.

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.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

Individual NRI Bidders can obtain the Bid cum Application Forms (blue in color) from our Registered Office, Syndicate members or the Registrar to the Issue.

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs bidding on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts or Non-Resident Ordinary ("**NRO**") accounts maintained with authorized dealers registered with the RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000. Eligible NRIs bidding on a non-repatriation basis are advised to use the Bid-cum-Application Form meant for Resident (white in colour).

Bids by Eligible NRIs for a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of [●] Equity Shares) of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of our total issued and paid Up Equity Share Capital unless approved by the shareholders of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the SEBI FII Regulations, an FII, as defined in the SEBI FII Regulations, or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with "know your client" norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such off-shore derivative instrument does not constitute any obligation or claim or claim on or an interest in the Company. FIIs can participate in the issue only through the ASBA process.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended *inter alia* prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Bids by Qualified Foreign Investors

The RBI in its circular dated January 13, 2012 has permitted Eligible QFIs to purchase equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest through SEBI registered qualified depositary participants ("DP") in equity shares of Indian companies which are offered to the public in India in accordance with SEBI (ICDR) Regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital respectively. In case a person invests in the same company through both QFI route and FDI route, the aggregate holding of the person in such company shall not exceed 5% of paid up equity capital of the company at any point of time.

These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap.

SEBI in its circular dated January 13, 2012 has specified among other things eligible transactions for Eligible QFIs (which includes purchase of equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors with respect to margins, voting rights, public issues etc.

Eligible QFIs are required to instruct their DPs to make the application on their behalf for the Issue. DPs are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour). DPs are required to utilise the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid-Cum-Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid 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).

Bids by provident funds/ pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 2500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form .Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid, without assigning any reason thereof. **Provident funds/ pension funds can participate in the Issue only through the ASBA process.**

Bids by Banking Companies

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30% of the paid-up share capital of the investee company or 30% of the banks' own paid-up share capital and reserves, whichever is less (except in case of certain specified exceptions, such as setting up or investing in a subsidiary company, which requires RBI approval). Additionally, any investment by a bank in the Equity Shares must be approved by such bank's investment committee set up to ensure compliance with the applicable prudential norms for classification, valuation and operation of investment portfolio of banks (currently reflected in the RBI Master Circular of July 1, 2011). **Banking companies can participate in the Issue only through the ASBA process.**

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and / or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur

after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Maximum and Minimum Bid Size

For Retail Individual Bidders: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed ₹ 200,000. In case the Bid Price is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option the Bid would be considered for allocation under the Non-Institutional Bidders portion only if Bidding is done through ASBA. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process. **Under existing SEBI (ICDR) Regulations, Retail Individual Investors may either withdraw or revise their bids until finalisation of allotment.**

For Other Bidders (Non-Institutional Bidders and QIBs): The Bid must be for a minimum of such number of Equity Shares in multiples of [•] such that the Bid Amount exceeds ₹ 200,000. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI (ICDR) Regulations, a QIB Bidder and Non Institutional Bidders shall neither withdraw nor lower the size of their bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage and is required to pay the Bid Amount upon submission of Bid.** Our Company may close Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date. . Under the present Regulations, a bid by a QIB or an NIB must be only through the ASBA facility.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders:

1. Our Company will file the Red Herring Prospectus with the RoC at least three (3) days before the Bid/Issue Opening Date.

2. The Bid/ Issue shall be opened at least three (3) working days after the date of registering the Red Herring Prospectus by the RoC.

3. Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, make a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in an English national daily newspaper and a Hindi national daily newspaper, each with wide circulation. In the pre-Offer advertisement, our Company and the BRLMs shall declare the Bid/Offer Opening Date, the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

4. Our Company shall announce the Price Band at least five Working Days before the Bid/Offer Opening Date in an English national daily newspaper and a Hindi national daily newspaper, each with wide circulation. This announcement shall contain relevant financial ratios computed for both upper and lower end of the Price Band. Such information shall also be disclosed to the Stock Exchanges for dissemination through, and shall be pre-filled in the Bid cum Application Forms available on, the Stock Exchanges' websites.

5. The Bidding Period shall be for a minimum of three (3) Working Days. In case the Price Band is revised, the Bidding Period shall be extended, for atleast three (3) Working Days, subject to the total Bidding Period not exceeding ten (10) Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two (2) national newspapers (one each in English and Hindi) and one (1) Regional newspaper, each with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the

BRLMs and at the terminals of the members of the Syndicate. Our Company may decide to close Bidding by QIBs one (1) Working Day prior to the Bid/Issue Closing Date.

6. The BRLMs shall dispatch the Red Herring Prospectus and other issue material including Bid-cum-Application Forms, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Issue, investors' associations and SCSBs in advance.

7. Copies of the Bid cum Application Form and the Red Herring Prospectus will be available with the members of the Syndicate, the SCSBs and at our Registered Office. Additionally Stock Exchanges shall provide for download of the bid cum application forms on their websites / Trading Members terminals. For ASBA Bidders, physical Bid cum Application Forms will be available with the Designated Branches of the SCSBs, Syndicate (in the Syndicate ASBA Bidding Locations) and at the Registered Office of our Company. For ASBA Bidders, electronic Bid cum Application Forms will also be available on the websites of NSE and BSE, the Designated Branches of the SCSBs and Trading Members.

8. QIBs and Non Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders have the option to Bid through the ASBA process or the non-ASBA process.

9. No separate receipts will be issued for the money payable on the submission of Bid cum Application Form or Revision Form by ASBA Bidders. However, the collection centre of the members of the Syndicate or the SCSB or Trading Members, as the case may be, will, after the Bid has been uploaded, acknowledge the uploading of the Bid cum Application Forms or Revision Forms by stamping the date and time and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

10. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLMs or Members of Syndicate or their authorized agent(s) or Trading Members to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs or Trading Members to register their Bids or they can also submit the completed forms to the Syndicate ASBA.

11. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the Syndicate Member/SCSBs/ Trading Members; otherwise the same may be liable for rejection. ASBA Bidders Bidding through the SCSBs are required to submit their Bids to the Designated Branches of such SCSBs. Bidders applying through the ASBA process also have an option to submit the Bid-cum-Application Form in electronic form.

12. Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate / Trading Members and the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate / Trading Members / the SCSBs will be given up to one Working Day after the Bid Closing Date to modify/ verify certain selected fields uploaded in the online system during the Bidding Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

13. **Please note that, upon submission of the Bid, Non Institutional Bidders and QIBs are not permitted to withdraw or lower the size of their Bids at any stage.**

Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members / Trading Members do not match with PAN, the DP ID and Client ID available in the depository database, the Bid cum Application form is liable to be rejected. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified, except for persons resident in the state of Sikkim, who, may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended credit" and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.

Additional information specific to ASBA Bidders

It may be noted that with effect from May 01, 2011, non – retail Bidders i.e. QIBs and Non Institutional Bidders shall mandatorily utilise the ASBA facility to submit their Bids.

1. Copies of Bid cum Application Forms will be available for downloading and printing, from the website of BSE & NSE (which provide electronic interface for ASBA facility) at least 1 day prior to the Bid / Issue Opening Date. A unique application number will be generated for every Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges.

2. The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and Bid cum Application Forms to the members of the Syndicate and the SCSBs. The members of the Syndicate and the SCSBs will then make available such copies to non- retail bidders who are required to apply in this Issue through the ASBA process and retail bidders intending to apply in this Issue through the ASBA process. Additionally, the BRLMs shall ensure that the members of the Syndicate and the SCSBs are provided with soft copies of the abridged prospectus as well as the Bid cum Application Forms and that the same are made available on the websites of the SCSBs.

3. ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain such documents from the Designated Branches of the SCSBs, BRLMs or Syndicate ASBA located at the Syndicate ASBA Centres or Trading Members. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the Bid cum Application Form in electronic form from the websites of the SCSBs and the Stock Exchanges.

4. The ASBA Bids should be submitted in the physical mode to the Syndicate on the prescribed Application-Cum-Bidding Form at the Syndicate ASBA Bidding Centres and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. **Bid cum Application Form in electronic mode can be submitted either to the SCSBs with whom the ASBA Account is maintained or to the Trading Members and not to the members of Syndicate.**

5. For ASBA Bids submitted to the Syndicate Members in the Specified Cities, the Syndicate Member shall upload the ASBA Bid onto the electronic bidding system of the Stock Exchanges and deposit the Bid cum Application Form with the relevant branch of the SCSBs, at the relevant Specified City, named by such SCSBs to accept such Bid cum Application Forms from the Syndicate Members (A list of such branches is available at (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries)..For ASBA Bids submitted to the Trading Members, the Trading Member shall upload the ASBA Bids onto the electronic bidding system of the Stock Exchanges and deposit the Bid cum Application Form with the relevant branch of the SCSBs. The relevant branch of the SCSBs shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form. For ASBA Bids submitted directly to the SCSB, the relevant SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form, before entering the ASBA Bid into the electronic bidding system.

6. The Bid cum Application Forms should bear the stamp of a member of the Syndicate or the Designated Branch of the SCSB or Trading Members, otherwise the same may be liable to be rejected.

7. ASBA Bidders shall correctly mention the bank account number in the Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the Bid cum Application Form.

8. If the ASBA Account holder is different from the ASBA Bidder, the Bid cum Application Form should be signed by the account holder as provided in the Bid cum Application Form.

Instructions for Completing the Bid cum Application Form

Bidders other than ASBA Bidders can obtain Bid cum Application Forms and Revision Forms from the members of the Syndicate/Trading Members. ASBA Bidders can obtain Bid cum Application Forms and/or Revision Forms from the Designated Branches of the SCSBs/Trading Members/ Syndicate ASBA (at Syndicate ASBA Centres). ASBA Bidders can also obtain a copy of the Bid cum Application Forms and/or Revision Form in electronic form from the websites of the SCSBs and the Stock Exchanges.

Bids and revision of bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms

or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

3. Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate/Trading Members/ SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct and legible.

4. For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of ₹ 2,00,000. Retail Individual Bidders can bid at cut off price.

5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] that the Bid Amount exceeds ₹ 2,00,000. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

6. In the name of sole/First Bidder and must be signed by the sole/First Bidder. In case of joint Bids, the First Bidder would be deemed to have signed on behalf of the other Bidders and should give requisite confirmations to that effect.

7. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs or Eligible QFIs but not in the names of persons not competent to contract under the Indian Contract Act, 1872, as amended (other than minors having valid depository accounts as per Demographic Details provided by Depositories), OCBs, firms or partnerships, foreign nationals (excluding Eligible QFIs), FVCIs, multilateral and bilateral development financial institutions or their nominees.

8. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate, a Notary Public or a Special Executive Magistrate under official seal.

9. Bids through ASBA must be made only in the prescribed Bid cum Application Form (if submitted in physical mode) or electronic mode. ASBA Bidders should correctly mention the ASBA Account number in the Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the Bid-cum-Application Form to the respective Designated Branch or to a Member of the Syndicate at a Syndicate ASBA Bidding Location or to the Trading Members.

10. ASBA Bidders submitting the Bid-cum-Application Form to the Syndicate at a Syndicate ASBA Bidding Location should ensure that the SCSB in which the ASBA Account is maintained has named at least one branch in the Syndicate ASBA Bidding Location.

11. If the ASBA Account holder is different from the ASBA Bidder, the Bid cum Application Form should be signed by the account holder as provided in the Bid cum Application Form.

Submission of Bid-Cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or bank drafts will be submitted to the members of the Syndicate/Trading Members at the time of submission of the Bid.

In case of application in physical mode, the ASBA Bidder shall submit the Bid-cum-Application Form bearing the stamp of the Designated Branch or the member of the Syndicate at the relevant Designated Branch or the relevant member of the Syndicate at Syndicate ASBA Bidding Locations, respectively. In case the ASBA Bidder submits its Bid through a member of the Syndicate at a Syndicate ASBA Bidding Location, the Bid will be uploaded by that member of the Syndicate in the electronic Bidding system of the Stock Exchanges and the Bid-cum-Application Form will then be forwarded to the concerned SCSB for further action including signature verification and blocking of funds.

In case of application in electronic form, the ASBA Bidder shall submit the Bid-cum-Application Form through the internet banking facility available with the SCSBs, for Bidding and blocking funds in the ASBA Account held with the SCSB, and accordingly register such Bids. The SCSB shall affix its stamp on the Bid-cum-

Application Form acknowledging the upload of the Bid in the electronic Bidding system of the Stock Exchanges and shall block an amount in the ASBA Account equal to, or more than the Bid Amount specified in the Bid-cum-Application Form. Additionally, the ASBA Bidder can submit the Bid-cum-Application Form through the Trading Members and the Bid will be uploaded by that member in the electronic Bidding system of the Stock Exchanges and the Bid-cum-Application Form will then be forwarded to the concerned SCSB for further action including signature verification and blocking of funds.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form;

4. QIBs and Non Institutional Bidders should submit their Bids through the ASBA process only;

5. Ensure that the Bidder's depository account is valid and active;

6. Ensure that the details about PAN, DP ID and Client ID are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialised form only;

7. Ensure that the bank account details are entered only in the space provided specifically for this purpose. Bids submitted which do not have the bank details are liable to be rejected.

8. Ensure that the Bids are submitted at the bidding centers of the Members of the Syndicate / Trading Members;

9. With respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained or to a Trading Member or to a member of the Syndicate only at the Syndicate ASBA Bidding Locations and that the SCSB where the ASBA Account, as specified in the Bid-cum- Application Form, is maintained has named at least one branch at that location for the members of the Syndicate to deposit Bid-cum-Application Forms (a list of such branches is available at (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries);

10. With respect to ASBA Bids ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

11. Ensure that you request for and have received a stamped acknowledgement of the Bid-cum-Application Form and a TRS, for all your Bid options;

12. Ensure that the revision of your Bid is in accordance with the SEBI (ICDR) and this Red Herring Prospectus;

13. Ensure that full Bid Amount is paid for the Bids submitted to the members of the Syndicate / Trading Members and funds equivalent to Bid Amount are blocked in case of Bids submitted through SCSBs /Members of the Syndicate / Trading Members;

14. With respect to ASBA Bids ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSBs before submitting the Bid cum Application Form;

15. Instruct your respective banks not to release the funds blocked in the bank account under the ASBA process;

16. Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB or the member of the Syndicate at the Syndicate ASBA Bidding Locations or Trading Members, as the case may be, through whom the original Bid was placed and obtain a revised TRS or acknowledgement;

17. Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts (subject to SEBI circular dated June 30, 2008), and (ii) from the residents of the State of Sikkim (subject to SEBI circular dated July 20, 2006), each of the Bidders should mention their PAN allotted under the I.T. Act. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in active status; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same. All other applications in which the PAN is not mentioned will be rejected;

18. Ensure that the Bid-cum-Application Form is duly completed and signed by the First/ Sole Bidder. In case of ASBA Bids, ensure that the Bid-cum-Application Form is also signed by the ASBA Account holder if the Bidder is not the ASBA Account holder. Incomplete Bid-cum-Application Forms, or Bid-cum-Application Forms without signatures are liable to be rejected;

19. Ensure that you tick the correct investor category, as applicable, in the Bid-cum-Application Form to ensure proper upload of your Bid in Stock Exchange system;

20. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

21. Ensure that the name of the sole/ First Bidder given in the Bid-cum-Application Form is exactly the same as it appears in the depository database. In case a Bid-cum-Application Form is submitted on behalf of joint Bidders, the signature of only the First Bidder would be required and the First Bidder should mention his/her PAN. All payments will be made out in favor of the First Bidder and all communications will be addressed to the First Bidder and dispatched to his or her address as per the Demographic Details received from the Depository. The First Bidder would have deemed to have signed on behalf of joint holders and would give requisite confirmation(s) on behalf of joint Bidders as provided in the Bid-cum-Application Form. The First Bidder shall be liable for all the obligations arising in relation to the Issue;

22. Ensure that DP ID, the client identification number and PAN mentioned in the Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs or Trading Members, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database. The Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;

23. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate, a Notary Public or a Special Executive Magistrate under official seal.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

3. For Bids by QIB Bidders and Non-Institutional Bidders do not withdraw your Bid(s) or lower the size of your Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage;

4. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the SCSBs or Trading Members, as applicable;

5. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

6. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs, or a member of the Syndicate at the Syndicate ASBA Bidding Locations or Trading Members, as applicable;

7. Do not Bid via any mode other than ASBA (for QIBs and Non-Institutional Bidders);

8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

9. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

10. Do not submit a Bid that does not comply with the securities laws of your respective jurisdictions;

11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Formsor on Bid cum application Forms in a colour prescribed for another category of Bidder;

12. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by Depositories);

13. Do not submit more than five Bid cum Application Forms per ASBA Account;

14. Do not submit the Bid cum Application Form with a Syndicate Member at a location other than the Specified Cities; and

15. Do not submit ASBA Bids to a Syndicate Member in the Specified Cities unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at-least one branch in the relevant Specified City, for the Syndicate Members to deposit Bid cum Application Forms (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

16. Do not make payments in any mode other than through blocking of Bid Amounts in the ASBA Accounts in case of ASBA Bidders;

17. Do not Bid at Cut Off Price (for QIB Bidders or Non-Institutional Bidders);

18. Do not Bid at Bid Amount exceeding ₹ 200,000, in the case of a Bid by Retail Individual Bidder;

19. Do not fill up the Bid cum Application Form for amount that exceeds that investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulationsor maximum amount permissible under the applicable regulations;

20. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;

21. Do not Bid for allotment of Equity Shares in physical mode;

22. Do not submit the Bids without payment of the full Bid Amount;

23. Do not Bid on Bid cum Application Form that does not have the stamp of the BRLMs or Syndicate Members or the SCSBs or Trading Members;

24. Do not submit the Bid cum Application Forms to Escrow Collection Bank(s);

25. For Bids by QIB Bidders and Non-Institutional Bidders do not withdraw your Bid(s) or lower the size of your Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage.

In addition, ASBA Bidders should ensure that:

Do’s:

a. Your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Syndicate Member in the Specified Cities or Trading Members, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue or BRLMs;

b. Before submitting the physical Bid cum Application Form with the member of the Syndicate ensure that the SCSB, whose name has been filled in the Bid cum Application Form, has named a branch in that centre;

c. Read all the instructions carefully and complete the Bid cum Application Form;

d. ASBA Bidders bidding through a Syndicate Member should ensure that the Bid cum Application Form is submitted to a Syndicate Member only in the Specified Cities and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at-least one branch in the Specified Cities for the Syndicate Members to deposit Bid cum Application Forms (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries);

e. the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder;

f. the correct bank account numbers have been mentioned in the Bid cum Application Form;

g. Ensure that you have funds equal to the Bid Amount in the ASBA Account before submitting the Bid cum Application Form to the respective Designated Branch;

h. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;

i. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian Laws;

j. Ensure that you have correctly ticked, provided or checked the authorisation box in the Bid cum Application Form has been correctly checked, or an authorisation to the SCSB through the electronic mode has been otherwise provided, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the Bid cum Application Form in the ASBA Account maintained with a branch of the concerned SCSB;

k. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB or the Members of the Syndicate in designated cities or Trading Members for the submission of the Bid cum Application Form;

l. Submit the Revision Form with the same Designated Branch or concerned member of the Syndicate / Trading Members, as the case may be, through whom the Bid cum Application Form was placed and obtain a revised acknowledgment;

m. Ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the beneficiary account is held with the Depository Participant.

Don'ts:

a. Payment of Bid Amount in any mode other than through blocking of Bid Amount in the ASBA Accounts shall not be accepted under the ASBA;

b. Do not submit the Bid cum Application Form with a member of the Syndicate at a location other than the Syndicate ASBA Bidding Locations;

c. Do not submit more than five Bid cum Application Forms per ASBA Account

Method and Process of Bidding

1. Our Company, in consultation with the BRLMs, will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in two national newspapers (one each in English and Hindi) and in one regional language newspaper with wide circulation, and made available on the websites of the Stock Exchanges, at least five Working Days prior to the Bid/Issue Opening Date. The members of the Syndicate, Trading Members and the SCSBs shall accept Bids from the Bidders during the Bid/Issue

Period. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges.

2. The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional language newspaper with wide circulation and also by indicating the change on the websites of the BRLMs and terminals of the Syndicate and intimated to the SCSBs and Trading Members .

3. During the Issue Period, non-ASBA Bidders should approach the Syndicate or their authorised agents or Trading Members to register their Bids. The Members of the Syndicate / Trading Members shall accept Bids and they shall have the right to vet the Bids during the Issue Period in accordance with the terms of this Red Herring Prospectus. ASBA Bidders should approach the Designated Branches or the Syndicate (for the Bids to be submitted in the Specified Cities) or Trading Members to register their Bids. With respect to ASBA Bidders, the Bid cum Application Form or the Revision Form shall be submitted (i) either in physical form to the Designated Branches or in electronic form through the internet banking facility available with the SCSBs or Trading Members for bidding; or (ii) to the Syndicate in Specified Cities.

4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph "Bids at Different Price Levels" on page no 282 of this RHP) within the Price Band and specify the demand (*i.e.*, the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

5. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to the Members of the Syndicate / Trading Members or SCSBs, as the case may be. Submission of a second Bid cum Application Form to Members of the Syndicate / Trading Members or SCSBs, will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic Bidding system, or at any point of time prior to the approval of the Basis of Allotment. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled "Build up of the Book and Revision of Bids". Further, in case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid is made. Please note that, upon submission of the Bid, Non Institutional Bidders and QIBs are not permitted to withdraw or lower the size of their Bids at any stage.

6. The Members of the Syndicate/Trading Members or the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

7. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in the section "Issue Procedure-Escrow Mechanism, terms of payment and payment into the Escrow Accounts" on page no 283 of this RHP.

8. Upon receipt of the Bid cum Application Form from ASBA bidders, submitted whether in physical or electronic mode, the Designated Branch of the SCSBs shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSBs shall reject such Bids and shall not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSBs shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

9. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar shall send an appropriate request to the SCSBs for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar.

INVESTORS ARE ADVISED NOT TO SUBMIT THE BID CUM APPLICATION FORMS TO THE ESCROW COLLECTION BANKS. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.

Bids at Different Price Levels and Revision of Bids

1. The Price Band has been fixed at ₹ [●] to ₹ [●] per Equity Share, ₹ [●] being the Floor Price and ₹ [●] being the Cap Price. The Bidders can Bid at any price within the Price Band in multiples of Re.1.

2. Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price. In case of revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The revised Price Band and the Bidding Period will be widely disseminated by notification to the Stock Exchanges and the SCSBs and also by indicating the change on the websites of the BRLMs, the SCSBs and at the terminals of the member of Syndicate / Trading Members.

3. Our Company, in consultation with the BRLMs, will finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

4. The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

5. Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the members of the Syndicate / Trading Members. In case of ASBA Bidders (other than Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed ₹ 200,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate or Trading Members, to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds ₹ 200,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non- Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

7. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account or SCSBs, as the case may be.

8. In the event of any revision in the Price Band, whether upwards or downwards, our Company in consultation with the BRLMs shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application is in the range of ₹ 10,000 to ₹ 15,000.

9. During the Bidding/ Issue Period, any bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

10. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate / Trading Members will not accept incomplete or inaccurate Revision Forms.

11. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus.

12. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate / Trading Members. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of revision of the original bid.**

13. In accordance with the SEBI (ICDR) , QIB Bidders and Non-Institutional Bidders are not permitted to lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. QIB Bidders and Non-Institutional Bidders may revise their Bids upwards (in terms of quantity of Equity Shares or the Bid Amount) during the Bid/Issue Period. Such upward revision(s) must be made using the Revision Form. Retail Individual Bidders can revise their Bid(s) during the Bid/Issue Period and withdraw their Bid(s) until finalization of Basis of Allotment.

ESCROW MECHANISM, TERMS OF PAYMENT AND PAYMENT INTO THE ESCROW ACCOUNTS

For details of the escrow mechanism and payment instructions, see section titled "Issue Procedure – Payment Instructions" on page no 286 of this RHP.

Bidder's PAN, Depository Account and Bank Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). Providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected." These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS and NEFT) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch / credit of refunds to the Bidders or unblocking of ASBA Account at the Bidders' sole risk and neither the BRLMs nor the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form. Furnishing details of depositories account is mandatory and applications without depositories account shall be treated as incomplete and are liable to be rejected.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE.

Bidders may note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the members of the Syndicate or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Bid cum Application
Form, as the case may be, is liable to be rejected and our Company / members of the Syndicate / Trading Members shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/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 Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar except in relation to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidders sole risk and neither our Company, the Escrow Collection Banks nor the BRLMs nor the Registrar shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the Bidder and DP ID/ Client ID, then such Bids are liable to be rejected.

Refunds, Dividends and other Distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupees drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs or Eligible QFIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

ELECTRONIC REGISTRATION OF BIDS

1. The members of the Syndicate / Trading Members and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLMs, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Members of the Syndicate / Trading Members and the SCSBs, (ii) the Bids uploaded by the Members of the Syndicate / Trading Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Members of the Syndicate / Trading Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the Members of the Syndicate / Trading Members and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account. ASBA Bids will only be registered by the members of the Syndicate at the Syndicate ASBA Bidding Locations or the SCSBs or Trading Members. Further, all grievances against Trading Members in relation to the Issue should be addressed directly to Stock Exchanges by bidders.

2. The Syndicate /the SCSBs/Members of the Syndicate / Trading Members will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.

3. In case of apparent data entry error by either the Members of the Syndicate or by the Members of the Syndicate at the Syndicate ASBA Bidding Locations or the SCSBs or Trading Members in entering the Bid cum Application Form number in their respective schedules other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchanges.

4. The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs/Members of the Syndicate / Trading Members during the Bidding/ Issue Period. The Syndicate Members / Trading Members and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Members of the Syndicate / Trading Members and the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

5. Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the bidding centres during the Bid/Issue Period.

6. At the time of registering each Bid other than ASBA bid, the Members of the Syndicate / Trading Members shall enter the following details of the investor in the on-line system:

   - Bid Cum Application Form number ;
   - Investor Category – Individual, Corporate, QIBs, Eligible NRI, FVCI, Mutual Fund, FII etc.;
   - PAN (of First Bidder, if more than one Bidder);
   - DP ID of the demat account of the Bidder;
   - Client Identification Number of the demat account of the Bidder;
   - Bank Account Number
   - Numbers of Equity Shares Bid for;
   - Price option; and
   - Cheque details.

   With respect to ASBA Bids, at the time of registering each Bid, the Member of the Syndicate / Trading Members or the Designated Branches of the SCSBs shall enter the following relevant information pertaining to the Bidder into the on-line system:

   - Name of the Bidder(s);
   - Bid cum Application Form number;
   - PAN (of First Bidder, if more than one Bidder);
   - Investor Category – Individual, corporate, FII, NRI, Mutual Funds, etc. ;
   - DP ID of the demat account of the Bidder;
   - Client identification number of the demat account of the Bidder;
   - Number of Equity Shares bid for;
   - Bid Price;
   - Bid Amount;
   - Bank Account Number;
   - Bank code for the SCSB where the ASBA Account is maintained; and
   - Syndicate ASBA Bidding Location

7. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Members of the Syndicate / Trading Members or the Designated Branches of the SCSBs, as the case may be. The registration of the Bid by the members of the Syndicate / Trading Members or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/ allotted.

8. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

9. In case of QIBs, our Company, in consultation with the BRLMs has the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders, Bids would be rejected on the technical grounds. In case of QIBs the BRLMs may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

10. The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

11. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation / Allotment. Syndicate Members / Trading Members will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between Stock Exchanges and the Syndicate Members / Trading Members or the Designated Branches of the SCSBs / Syndicate ASBA, the decision of our Company, in consultation with the BRLMs and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds represented by allotment of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, and the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payments in Escrow Accounts for Bidders other than ASBA Bidders

Retail Bidder other than ASBA bidder shall draw a cheque or demand draft or, remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form. The payment should be calculated for the highest of three options i.e. at the highest Bid Price.

2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate / Trading Members. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    - In case of Resident Retail Individual Bidders: "SSKL – Escrow Account - R"
    - In case of Non Resident Retail Individual Bidders: "SSKL – Escrow Account - NR"

4. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

5. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a FCNR or an NRO Account.

6. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance.

7. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.

8. On the Designated Date, the Escrow Collection Bank shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account

9. On the Designated Date and no later than 10 working days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

10. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stock invest/ Money Orders/ Postal orders will not be accepted.

11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

12. Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

Payment mechanism for ASBA Bidders

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue.

ASBA Bidders shall specify the bank account number in the Bid cum Application Form which is to be submitted to the Syndicate ASBA/ SCSBs / Trading Members. The Syndicate ASBA / Trading Members shall in turn forward the Bid cum Application Form to the SCSB for processing and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the Bid cum Application Form, failure of the Issue or for unsuccessful Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account and the SCSBs shall unblock the Bid Amount on receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Upon completing and submitting the Bid-cum-Application Form to the Designated Branch of SCSBs or the Syndicate ASBA, (at the Syndicate ASBA Centres) / Trading Members whether in physical or electronic mode, as the case may be, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing without prior or subsequent notice of such changes to the ASBA Bidders.

Upon submission of a Bid cum Application Form with the SCSB or the Syndicate ASBA, (at the Syndicate ASBA Centres) / Trading Members, whether in physical or electronic mode, as the case may be, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch to block such Bid Amount in the ASBA Account. A Bid cum Application Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the SEBI (ICDR), into the Public Issue Account. The balance amount, if any, against any Bid 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.

Pursuant to SEBI circular no CIR/CFD/DIL/1/2011 dated April 29, 2011 (i) Non-Institutional Bidders and QIB Bidders are required to mandatorily apply through ASBA, and (ii) the Syndicate ASBA may procure the Bid cum Application Form from the investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Baroda, and Surat and submit it to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

Payment by cash/ stockinvest/ money order

Payment through cash/ stockinvest/ money order shall not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

In case a Bid cum Application Form is submitted on behalf of joint Bidders, the signature of only the First Bidder would be required and the First Bidder should mention his/ her PAN. . In the case of joint Bids, all payments will be made out in favour of the First Bidder. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository. The First Bidder would have deemed to have signed on behalf of joint holders and would give requisite confirmation(s) on behalf of joint Bidders as provided in the Bid cum Application Form. The First Bidder shall be liable for all the obligations arising in relation to the Issue.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, all Bids will be checked for common PAN as per Depository records and all such Bids will be treated as multiple Bids and are liable to be rejected.

The procedures which would be followed by the Registrar to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.

2. In this master, a check will be carried out for the same PAN / GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.

3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.

4. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.

5. The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

6. Subsequent to the aforesaid procedures a print out of the multiple masters will be taken and the applications physically verified to tally signatures as also father's / husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

For Bids from Mutual Funds and FII sub-accounts, which are submitted under the same PAN, as well as Bids on behalf of the Central or State government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids are scrutinised for DP ID and Client ID. In case such Bids bear the same DP ID and Client ID, these will be treated as multiple Bids and will be rejected.

After Bidding on a Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchange, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another Bid cum Application Form. Submission of a second Bid cum Application Form, to either the same or to another Designated Branch of the SCSB / Syndicate ASBA / Trading Members, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in "*Build up of the Book and Revision of Bids*" Our Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories. **Please note that, upon submission of the Bid, ASBA Bidders who are Non Institutional Bidders and QIB Bidders are not permitted to withdraw or lower the size of their Bids at any stage.**

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that not more than five Bid-cum-Application Forms may be submitted with respect to any single ASBA Account.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids include the following:

- All Bids will be checked for common PAN as per Depository records. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and are liable to be rejected.

- For Bids from Mutual Funds and FII sub-accounts, which are submitted under the same PAN, as well as Bids for whom the submission of PAN is not mandatory such as on behalf of the Central or State government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Bids will be scrutinized for DP ID and Client ID. In case such Bids bear the same DP ID and Client ID, these will be treated as multiple Bids and are liable to be rejected.

Our Company, in consultation with the BRLMs, reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders should mention his/ her PAN allotted under the I.T. Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected, except for residents in the state of Sikkim, may be exempted from specifying their PAN for transactions in the securities market. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified will be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

Withdrawal of ASBA Bids

QIBs and Non-Institutional Bidders cannot withdraw or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage.

Retail Individual Bidders can withdraw their Bids until finalization of Basis of Allotment. In case a Retail Individual Bidder wishes to withdraw the Bid during the Bid/Issue Period, they can do so by submitting a request for the withdrawal of their Bid to the concerned SCSB or the concerned Member of the Syndicate / Trading Members, as applicable, who shall take all necessary action, including unblocking of the funds by the SCSB in the ASBA Account. In case a Retail Individual Bidder wishes to withdraw the Bid after the Bid/Issue Period, they can do so by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account on the Designated Date.

Rejection of Bids

In case of QIB Bidders, our Company in consultation with the BRLMs may reject Bids at the time of acceptance of the Bid provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, our Company has a right to reject Bids based on technical grounds .and/or as specified in the Red Herring Prospectus. Consequent refunds shall be made by NEFT/NES/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSBs. Further, in case any DP ID, Client ID or PAN mentioned in the Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the Members of the Syndicate / Trading Members and the SCSBs, as the case may be, does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue. Subsequent to the acceptance of the ASBA Bid by the SCSBs/Syndicate ASBA / Trading Members, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised that incomplete Bid-cum-Application Forms and Bid-cum-Application Forms that are not legible will be rejected by the members of the Syndicate or the SCSBs or the Trading Members. Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. DP ID and Client ID not mentioned in the Bid cum Application Form;

2. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for. With respect to ASBA Bids, the amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

3. 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. However , a limited liability partnership can apply in its own name;

4. Bid by persons not competent to contract under the Indian Contract Act, 1872 as amended, except bids by Minors having valid demat account as per demographic details provided by Depositaries ;

5. Bids for a Payment Amount of more than ₹ 200,000 by Bidders falling under the category of Retail Individual Bidders

6. PAN not mentioned in the Bid cum Application Form (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);

7. PAN details not being verified with demat accounts.;

8. Where PAN details in the Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges, are not as per the records of the Depositories;

9. GIR number furnished instead of PAN;

10. Bids for lower number of Equity Shares than specified for that category of investors;

11. Bids at a price less than the Floor Price;

12. Bids at a price more than the Cap Price;

13. Bids at Cut Off Price by Non-Institutional and QIB Bidders;

14. Bids for number of Equity Shares which are not in multiples of [●];

15. Category not ticked;

16. Application on plain paper;

17. Bid submitted without payment of the entire Payment Amount;

18. Multiple Bids as defined in this Red Herring Prospectus;

19. Submission of more than five Bid-cum-Application Forms per ASBA Account;

20. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

21. Bids accompanied by Stockinvest/ money order/ postal order/ cash;

22. Signature of First/Sole Bidder missing;

23. Bid cum Application Forms does not have the stamp of the member of the Syndicate or Designated Branches (except for electronic ASBA Bids), as the case may be;

24. Bids by Bidders whose demat accounts have been "suspended for credit" pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

25. In relation to ASBA Bidders, Bid cum Application Forms not being signed by the ASBA account holder, if the account holder is different from the ASBA Bidder;

26. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

27. In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN (in case of joint Bids, PAN of the first Bidder);

28. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law;

29. Revision of Bids by Non Institutional Bidders and QIB Bidders resulting in lowering the size of their Bids;

30. Bids where clear funds are not available in the Escrow Account as per the final certificates from the Escrow Collection Banks;

31. With respect to ASBA Bids, inadequate funds in the ASBA Account to block the Payment Amount specified in the Bid-cum-Application Form at the time of blocking such Payment Amount in the ASBA Account;

32. Bids by QIBs or Non Institutional Bidder not submitted through the ASBA process;

33. Bids by QIB Bidders and Non Institutional Bidders accompanied by cheque(s) or demand draft(s);

34. Bids by OCBs QFIs, FVCIs or multilateral or bilateral development financial institutions or NRIs on repatriation basis;

35. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;

36. Bids by persons in the U.S. other than in reliance of Regulation S under the Securities Act;

37. Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;

38. Bids not uploaded on the terminals of the Stock Exchanges; and

39. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

40. Bids by persons prohibited from buying, selling or dealing in securities directly or indirectly by SEBI or any other regulatory authority shall be rejected by the BRLMs;

41. Bid cum Application Form submitted to a member of the Syndicate at locations other than the Syndicate ASBA Bidding Centres or at a Designated Branch where the ASBA Account is not maintained, and Bid cum Application Forms submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;

42. In case of Bid cum Application Forms submitted to a member of the Syndicate at the Syndicate ASBA Bidding Centres, the SCSB where the ASBA Account is maintained as specified in the Bid cum Application Form, has not named at least one branch in the relevant Syndicate ASBA Bidding Centres for the members of the Syndicate to deposit Bid cum Application Forms, as displayed on the website of SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries);

43. Bids or revisions thereof by QIB Bidders, Non Institutional Bidders where the Bid Amount is in excess of ₹ 200,000, uploaded after 4.00 pm on the Bid/ Issue Closing Date and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid Closing Date.

For Bid-cum-Application Forms from non-ASBA Bidders, the Basis of Allotment will be based on the Registrar to the Issue's validation of the electronic bid details with the depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic bid details in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010 and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic bid details and the depository database. In case of any discrepancy between the electronic Bid data and the depository records, our Company in consultation with the BRLMs, the Registrar to the Issue and the Designated Stock Exchange, reserves the right to proceed as per the depository records or treat such Bid as rejected.

For ASBA Bids submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match such data with the depository database for correctness of DP ID, Client ID and PAN. In cases where any DP ID, Client ID and PAN mentioned in the Bid file for an ASBA Bidder does not match the one available in the depository database, our Company reserves the right to proceed as per the depository records for such ASBA Bids or treat such ASBA Bids as rejected. The Registrar to the Issue will reject multiple ASBA Bids based on common PAN.

For ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Locations / Trading Members, the Basis of Allotment will be based on the Registrar to the Issue's validation of the electronic bid details with the depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic bid details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic bid details and the depository database. In case of any discrepancy between the electronic Bid data and the depository records, our Company in consultation with the BRLMs, the Registrar to the Issue and the Designated Stock Exchange, reserves the right to proceed as per the depository records or treat such Bid as rejected.

BUILD UP OF THE BOOK AND REVISION OF BIDS

1. Bids received from various Bidders through the members of the Syndicate / Trading Members and the SCSBs/Syndicate ASBA shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis;

2. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis at the end of the Bid/Issue Period.

3. QIB Bidder and Non Institutional Bidders shall neither withdraw nor lower the size of their bids (in terms of quantity of equity shares or the bid amount) at any stage. QIB Bidders and Non-Institutional Bidders may revise their Bids upwards (in terms of quantity of Equity Shares or the Bid Amount) during the Bid/Issue Period. Such upward revision(s) must be made using the Revision Form.

4. The Retail Individual Bidders may either withdraw or revise their bids until finalisation of allotment.

5. During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

6. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form, as the case may be. Apart from mentioning the revised options in the Revision Form, except in case of Non Institutional Bidders and QIB Bidders who are not permitted to lower the size of their Bids at any stage the Bidder must also mention the details of all the options in his or her Bid cum Application Form or ealier the Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form, as the case may be. The members of the Syndicate / Trading Members and the Designated Branches will not accept incomplete or inaccurate Revision Form.

7. The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same Member of the Syndicate /

Trading Members or the SCSBs/Syndicate ASBA through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

8. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid; or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹. 200,000 if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted by the ASBA Bidders to the SCSB or to the Syndicate Member (in Specified Cities) / Trading Members, where the original Bid was submitted. The non ASBA Bidders need to submit their revised Bids with the member of the Syndicate / Trading Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Retail Individual Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price.

9. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be unblocked by the SCSBs in case of ASBA Bids or refunded from the Escrow Account in case of Bids other than ASBA Bids.

10. Our Company, in consultation with the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10, 000 to ₹ 15, 000.

11. Any revision of the ASBA Bid shall be accompanied by instructions to block the revised/additional Payment Amount, if any, on account of the upward revision of the ASBA Bid. The Revision form and upward revision of the ASBA Bid at the time of one or more revisions will be provided to the same member of the Syndicate / Trading Members or the same Designated Branch, as the case may be, through whom such ASBA Bidder had placed the original ASBA Bid. In such cases, the member of the Syndicate or the Trading Member or the Designated Branch, as the case may be, will revise the earlier ASBA Bid details with the revised ASBA Bid.

    With respect to the Bids, other than ASBA Bids, any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the additional amount, if any, to be paid on account of the upward revision of the Bid. In case of Bids, other than ASBA Bids, the members of the Syndicate / Trading Members shall collect the additional payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate / Trading Members will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book.

    The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

12. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the members of the Syndicate or the Trading Members or the SCSBs, as applicable. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

PRICE DISCOVERY AND ALLOCATION

1. Our Company, in consultation with the BRLMs shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor's category.

2. The allocation to Non-Institutional Bidders and Retail Individual Bidders would be on proportionate basis, in the manner specified in the SEBI (ICDR), 2009, the RHP and Prospectus in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

3. In case of over-subscription in all categories, 10% of the Issue shall be available for allocation on a

proportionate basis to QIB Bidders out of which 5% shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB portion will also be eligible for allocation in the remaining QIB portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders in proportion to their bids. Further, not less than 35% of the issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 55% of the issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids received at or above the Issue Price.

4. Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for Allotment. The members of the Syndicate / Trading Members and the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate, the members of the Syndicate / Trading Members and the SCSBs will be given up to one Working Day after the Bid Closing Date to modify/ verify certain selected fields uploaded in the online system during the Bidding Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

5. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, BAN and PAN, then such Bids are liable to be rejected.

6. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

7. Allocation to NRI's, FIIs, Eligible QFIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals

8. QIB Bidders and Non Institutional Bidders shall neither withdraw nor lower the size of their bids (in terms of quantity of equity shares or the Bid amount) at any stage. Retail Individual Bidders may either withdraw or revise their bids until finalisation of allotment**.** .

9. Our Company reserves the right to cancel the Issue any time after the Bid Opening Date, but before the Allotment. If our Company withdraws the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the Bid Closing Date. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

10. Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all Members of the Syndicate. Rejection of Bids by QIBs Bidding in the QIB Portion, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.

11. If an ASBA Bidder wants to withdraw the Bid-cum-Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall perform the necessary actions, including deletion of details of the withdrawn Bid-cum-Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

12. If an ASBA Bidder other than QIBs and Non Institutional Bidder wants to withdraw the Bid-cum-Application Form after the Bid/Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.

13. The allotment details shall be uploaded on the website of the Registrar to the Issue.

SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING

1. Our Company, he BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after finalization of the Issue Price.

2. After signing the Underwriting Agreement, our company will update and file the updated RHP with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Red Herring Prospectus and Prospectus with the RoC

Our Company will file a copy of the Red Herring Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after registering the RHP with the ROC, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations in two widely circulated newspapers (one each in English and Hindi) and a Regional newspaper with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate and the SCSBs a list of the successful Bidders who have been Allotted Equity Shares in the Issue.

2. The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

3. The Issuance of CAN is 'Subject to "Allotment Reconciliation and Revised CANs" as set forth under the section "Issue Procedure" on page no 267 of this RHP:

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

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 Bidder's depositary account will be completed within 12 Working Days of the Bid/Issue Closing Date.

2. In accordance with the SEBI Regulations, 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 allotted to them.

BASIS OF ALLOTMENT

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size (net of QIB portion) less allotment to Non-Institutional Bidders shall be available for allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- In the event, the Bids received from Retail Individual Bidders exceeds [•] Equity Shares, then the maximum number of Retail Individual Bidders who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Bidders by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to Retail Individual Bidders will then be made in the following manner:

  i. In the event the number of Retail Individual Bidders who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such Retail Individual Bidders shall be Allotted the minimum Bid Lot; and (ii) the available balance Equity Shares, if any, remaining in the Retail Portion shall be Allotted on a proportionate basis to the Retail Individual Bidders who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

  ii. In the event the number of Retail Individual Bidders who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the Retail Individual Bidders (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

2. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size (net of QIB portion) less allotment to Retail Individual Bidders shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of allotment refer below.

3. **For QIBs**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB portion shall be available for allotment to QIB Bidders only who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:

  (a) In the First instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    i. In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

    ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.

    iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIBs as set out in (b) below;

  (b) In the second instance allotment to all QIBs shall be determined as follows:

    i. In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

    ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

    iii. Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allotment to QIB Bidders shall be [•] Equity Shares.

METHOD OF PROPORTIONATE BASIS OF ALLOTMENT IN THE ISSUE

In the event of the Issue being over-subscribed, our Company and the BRLMs shall finalize the basis of allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion., and the remaining available shares, if any, shall be allotted on a proportionate basis.

The allotment shall be made in marketable lots. Except for Retail Portion, the allocation shall be made on a proportionate basis as explained below: For details with respect to manner of allocation for Retail Portion, please see "Basis of Allotment" beginning on page no 297

a) Bidders will be categorised according to the number of Equity Shares applied for by them.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of [•] Equity Shares; and
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) If the proportionate allotment to a Bidder is a number that is more than [•] but is not a multiple of one (1) (which is the marketable lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

1. Agreement dated July 28, 2009 with NSDL, the Company and the Registrar to the Issue;

2. Agreement dated July 17, 2009 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the DP ID, Client ID and PAN) appearing in the Bid cum Application Form or Revision Form.

3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository.

5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

8. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

9. Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, the Bidders‟ DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Trading Members or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs/ Syndicate ASBA / Trading Members, the Bidders can contact the Designated Branches of the SCSBs / Syndicate ASBA / Trading Members.

All grievances relating to the ASBA process may be addressed either to (i) the concerned member of the Syndicate and the relevant SCSB, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Bidding Locations, or (ii) Trading Members or (iii) the Designated Branch of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application, in the event of a Bid submitted directly with a Designated Branch by an ASBA Bidder; in both cases with a copy to the Registrar to the Issue.

PAYMENT OF REFUND

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Registrar shall dispatch refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

In the case of Bidders other than ASBA Bidders, the Registrar to the Issue will obtain from the Depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders in their Bid cum Application Forms. Accordingly, Bidders are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, the Escrow Collection Banks, or the members of the Syndicate, will be liable to compensate the Bidders for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS—Payment of refund would be done through ECS for applicants having an account at any of the 68 centres notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008.This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. Direct Credit-Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum 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 our Company.

3. RTGS-Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceed ₹ 200,000 will be considered to receive refund through RTGS. For such eligible applicants, the IFSC code will be derived based on the MICR code of the Bidder as per depository records. In the event the same is not available as per depository's records, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post or Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected, unsuccessful, or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

Disposal of Applications and Application Moneys and Interest in Case of Delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 Working Days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 12 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 12 working days of the Bid/Issue Closing Date;

- With respect to Bidders other than ASBA Bidders, 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 12 working days of the Bid/Issue Closing Date would be ensured. With respect to ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date.

Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or CANs advice by registered post/speed post. With regard to refunds, bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Our Company shall pay interest at 15% per annum for any delay beyond the 12 Working Days from the Bid/Issue Closing Date, whichever is later, 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 12 Working Days prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Letters of Allotment or Refund Orders or instructions to the SCSBs

Our Company shall give credit the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of closure of Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

Procedure and Time Schedule for Transfer of Equity Shares

The Issue will be conducted through a "100% Book Building Process" pursuant to which the Members of the Syndicate /SCSBs / Trading Members will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on **[●]**. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the issue price, and, in consultation with the BRLMs, the basis of allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE and NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI (ICDR), 2009 require our Company to complete the allotment to successful bidders within 12 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Interest in case of delay in Dispatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar to the Issue

Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidders' depositary accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 12 Working Days from the Bid/Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertaking by the Company

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;

- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Issue Closing Date ;

- That the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by our Company;

- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- That adequate arrangements shall be made to collect all Bid cum Application Forms and to consider them similar to non-ASBA applications while finalizing the basis of allotment;

- That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time; and

- That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

At any given time there shall be only one denomination for the shares of our Company;

Our Company shall comply with such disclosures and accounting norms as specified by SEBI from time to time.

Utilisation of Issue Proceeds

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of Issue shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested.

Withdrawal of the Issue

Our Company in consultation with the BRLMs, reserve the right to not proceed with the Issue anytime after the Bid Opening Date. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed and the BRLMs through the Registrar shall notify the SCSBs to unblock the ASBA Account within one Working Day from the date of such notification.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall be required to file a fresh Draft Red Herring Prospectus with SEBI

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

India's current Foreign Direct Investment ("**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 supercedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Circular 1 of 2012 will be valid until the DIPP issues an updated circular.(expected on April, 10 2013 and effective from April 10, 2013).

Subscription by foreign investors (NRIs/FIIs)

FIIs are permitted to subscribe to shares of an Indian company in a public issue without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of the company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company after approval of the shareholders of the company by way of a special resolution and subject to prior intimation to the RBI. The holding of equity shares of a single FII should not exceed 10% of the post issue paid-up capital of the Company. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.
The transfer of shares by an Indian resident to a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI. Further, in terms of the Consolidated FDI Policy, prior approval of the RBI shall not be required for transfer of shares between an Indian resident and person not resident in India if conditions specified in the Consolidated FDI Policy have been met.

The transfer of shares of an Indian company by a person resident outside India to an Indian resident, where pricing guidelines specified by RBI under the foreign exchange regulations in India are not met, will not require approval of the RBI, provided that (i) the original and resultant investment is in line with Consolidated FDI policy and applicable foreign exchange regulations pertaining to *inter alia* sectoral caps and reporting requirements; (ii) the pricing is in compliance with applicable regulations or guidelines issued by SEBI; and (iii) a compliance certificate in this regard is obtained from chartered accountant and attached to the filings made before the authorised dealer bank.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

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

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("Securities Act") or any state securities laws in the United States, and may not be offered or sold within the United States (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 and applicable state securities laws. The Equity Shares are only being offered or sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION X: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of Our Company. Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Share Capital	3. The Authorized share Capital of the Company is as stated in the Clause V of the Memorandum of Association with power to divide the Share Capital (original, increased, reduced or converted) into several classes and to attach thereto respectively such qualified or special rights, privileges or conditions in such manner as may from the time being be provided by the regulations of the Company as originally framed or as altered by Special Resolution.
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97of the Act
Non Voting Shares	5. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Redeemable Preference Shares	6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Provisions to apply on issue of Redeemable Preference Shares	7. On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions-shall take effect. (a) No such Shares shall be redeemed except out of profits of the Company, which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption. (b) No such Shares shall be redeemed unless they are fully paid. (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the Shares are redeemed. (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company. (e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be affected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
Reduction of capital	8. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by

	Special Resolution reduce (a) the share capital; (b) any capital redemption reserve account; or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.
Purchase of own Shares	8A. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
Sub-division consolidation and cancellation of Shares	9. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Modification of rights	10. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
Restriction on allotment and return of allotment	11. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Further issue of shares	12. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then: (a) Such further Shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date (b) Such offer 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 and the offer, if not accepted, will be deemed to have been declined. (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned

Title of Article	Article Number and contents
	to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him. (d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit. (2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever. (a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or (b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if :any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company. (3) Nothing in sub-clause (c) of clause (l) hereof shall be deemed; (a) To extend the time within which the offer should be accepted; or (b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation. (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company: (i) To convert such debentures or loans into Shares in the Company; or (ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise) 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: (a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that government in this behalf, and (b) in the case of debentures or loans other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the debentures or the raising of the loans.
Shares under control of Directors	13. Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Title of Article	Article Number and contents
Power to offer Shares/options to acquire Shares	13A (i) Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would *inter alia* include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 13A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit. The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above.
Application of premium received on Shares	14. (1) 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 these 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. (2) The share premium account may, notwithstanding anything in clause (I) thereof be applied by the Company: (a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus; (b) In writing off the preliminary expenses of the Company; (c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or (d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.
Power also to Company in General Meeting to issue Shares	15. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.
Power of General Meeting to authorize Board to offer Shares/Options to employees	15A (i) Without prejudice to the generality of the powers of the General Meeting under Article 15 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount

Title of Article	Article Number and contents
	or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purposeIn addition to the powers contained in Article 15A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.
Shares at a discount	16. The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely: (a)The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board; (b)The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and (c)The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.
Installments of Shares to be duly paid	17. If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.
The Board may issue Shares as fully paid-up	18. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.
Acceptance of Shares	19. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.
Deposit and call etc., to be debt payable	20. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Liability of Members	21. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.
Dematerialisation of securities	21.(A) Definitions **Beneficial Owner** "Beneficial Owner" means a person whose name is recorded as such with a Depository. **SEBI** "SEBI" means the Securities and Exchange Board of India.

Title of Article	Article Number and contents
	Bye-Laws "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996; **Depositories Act.** "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force; **Depository** "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992; **Record** "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI; **Regulations** "Regulations" mean the regulations made by SEBI; **Security** "Security" means such security as may be specified by SEBI.
Dematerialisation of securities	21.(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.
Options to receive security certificates or hold securities with depository	21.(C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.
Securities in depositories to be in fungible form	21.(D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
Rights of depositories and beneficial owners	21.(E) (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner; (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it; (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.
Depository To Furnish Information	21.(F) Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Option to Opt out in respect of any security	21.(G) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Sections 83 and 108 of the Act not to apply	21.(H) Notwithstanding anything to the contrary contained in the Articles, (1) Section 83 of the Act shall not apply to the Shares held with a Depository; (2) Section 108 of the Act shall not apply to transfer of Security affected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a

Title of Article	Article Number and contents
	Depository.
Share certificate	22. (a)Every Member or allotee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name. (b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.
Limitation of time for issue of certificates	22A. Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall e in such form as the directors may prescribe and approve, provided that in respect of a Share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.
Renewal of share certificates	23. No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company. PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.
New certificate to be granted on delivery of the old certificates	24. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act 1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Article shall mutatis mutandis apply to Debentures of the Company.
The first name joint holder deemed sole holder	25. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.

Title of Article	Article Number and contents
Company not bound to recognize any interest in Shares other than of registered holder	26. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
Trust recognised	27. (a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them. (b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.
Declaration by person not holding beneficial interest in any Shares	28. (1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act 2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act (3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act (4) Not withstanding anything contained in the Act and Articles 26 and 27 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.
Funds of Company not to be applied in purchase of Shares of the Company	29. No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

UNDERWRITING AND BROKERAGE

Title of Article	Article Number and contents
Commission may be paid	30. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or

Title of Article	Article Number and contents
	agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.
Brokerage	31. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.
Commission to be included in the annual return	32. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

LIEN

Title of Article	Article Number and contents
Partial payment not to preclude forfeiture	43. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
Company to have lien on Shares/ Debentures	44. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such Shares/ Debentures. That is to say that, the fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuers's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares. No equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares.
As to enforcing lien by sale	45. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:- (a) Unless a sum in respect of which the lien exists is presently payable; or (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members (c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.
Application of	46.

Title of Article	Article Number and contents
proceeds of sale	(a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and (b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
No transfers to minors etc.	62. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Form of transfer	63. A common form of transferred shall be used and the instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
Application for transfer	64. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee. (b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice (c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
Execution of transfer	65. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
Transfer by legal representatives	66. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Register of Members etc when closed	67. The Board of Directors shall have power on giving not less than seven days pervious notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
Directors may refuse to register transfer	68. Subject to the provisions of Section 111 of the Companies Act, 1956 and section 22A of the Securities Contracts (Regulation) Act, 1956 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 the Company. The Company shall within one month from the date on which the instrument of transfer,

Title of Article	Article Number and contents
	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 Issuer on any account whatsoever except where the Company has a lien on shares.
Death of one or more joint holders of Shares	69. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
Titles of Shares of deceased Member	70. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
Notice of application when to be given	71. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	72. Subject to the provisions of the Act and Article 69 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
Refusal to register nominee	73. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Person entitled may receive dividend without being registered as a Member	74. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
No fees on transfer	75.

Title of Article	Article Number and contents
or transmissions	No fee shall be charged for registration of transfer, transmission Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents.
Transfer to be presented with evidence of title	76. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
Company not liable for disregard of a notice prohibiting registration of transfer	77. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS

Title of Article	Article Number and contents
Power to issue share warrants	78. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
Deposit of share warrants	79. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant (b) Not more than one person shall be recognized as depositor of the Share warrant (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor
Privileges and disabilities of the holders of share warrant	80. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company. (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.
Issue of new share warrant coupons	81. The Board may, from time to time, make bye-laws as to terms on which (if it

Title of Article	Article Number and contents
	shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

BORROWING POWERS

Title of Article	Article Number and contents
Power to borrow	86. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	87. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Terms of issue of Debentures	88. Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.
Mortgage of uncalled capital	89. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Statutory meeting	90. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.
Annual General Meeting	91. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be

Title of Article	Article Number and contents
	held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared 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.
Report statement and registers to be laid before the Annual General Meeting	92. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.
Extra-Ordinary General Meeting	93. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.
Requisitionists' meeting	94. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:- (a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting. (b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting. (2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all. (3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same

Title of Article	Article Number and contents
	manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter. (4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless: (a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company. (i)In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting. (ii)the case of any other requisition, not let than two weeks before the Meeting, and (b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto. PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof. (5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter. (6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.
Extra-Ordinary General Meeting by Board and by requisition When a Director or any two Members may call an Extra Ordinary General Meeting	95. (a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company. (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.
Contents of requisition, and number of requisitionists required and the conduct of Meeting	96. (1) In case of requisition the following provisions shall have effect: (a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company. (b) The requisition may consist of several documents in like form each signed by one or more requisitionists. (c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter. (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled. (e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:

Title of Article	Article Number and contents
	(i)By the requisitionists themselves ; or (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 the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (I) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act. (2) A meeting called under sub-clause (c) of clause (1) by requisitionsits or any of them: (a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but (b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period. (3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them. (4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
Length of notice of Meeting	97. (1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing. (2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto: (i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and (ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting. PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.
Contents and manner of service of notice	98. (1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat. (2) Subject to the provisions of the Act notice of every General Meeting shall be given; (a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act; (b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for ,the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and (c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the CompanyPROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the

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	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. (3)Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.
Special and ordinary business and explanatory statement	99. (1)(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 (i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors; (ii) the declaration of dividend; (iii) the appointment of Directors in the place, of those retiring; and (iv) the appointment of, and the fixing of the remuneration of the Auditors, and (b) In the case of any other meeting, all business shall be deemed special (2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director. PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company. (3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
Omission to give notice not to invalidate proceedings	100. The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Notice of business to be given	101. No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
Quorum	102. Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite be present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.
If quorum not present when Meeting to be dissolved and when to be adjourned	103. If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be

Title of Article	Article Number and contents
	a quorum and may transact the business for which the Meeting was called.
Resolution passed at adjourned Meeting	104. Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
Chairman of General Meeting.	105. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	105(A) Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.
Business confined to election of Chairman whilst the Chair is vacant	106. No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman may adjourn Meeting	107. (a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place. (b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. (c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting. (d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.
How questions are decided at Meetings	108. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
Chairman's declaration of result of voting on show of hands	109. A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.
Demand of poll	110. Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
Time of taking poll	111. A poll demanded on a question of adjournment or election of a Chairman shall

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	be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
Chairman's casting vote	112. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
Appointment of scrutinizers	113. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutinizers to scrutinize the vote given on the poll and to report thereon to him. One of the so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutinizer from office and fill vacancies in the office of the arising from such removal or from any other cause.
Demand for poll not to prevent transaction of other business	114. The demand for a poll shall not prevent transaction of other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded.
Special notice	115. Where by any provision contained in the Act or in these Articles, special notice is required for any resolution notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

VOTES OF MEMBERS

Title of Article	Article Number and contents
Member paying money in advance not to be entitled to vote in respect thereof	116. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.
Restriction on exercise of voting rights of Members who have not paid calls	117. No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
Number of votes to which Member entitled	118. Subject to the provisions of Article 116, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held

Title of Article	Article Number and contents
	his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.
Votes of Members of unsound mind	119. A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
Votes of joint Members	120. If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.
Representation of body corporate	121. (a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above certified by a Director or the Secretary of such body corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat.Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.
Votes in respects of deceased or insolvent Members	122. Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.
Voting in person or by proxy	123. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.
Rights of Members to use votes differently	124. On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case

Title of Article	Article Number and contents
	may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses
Proxies	125. Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.
Proxy either for specified meeting or for a period	126. An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
No proxy to vote on a show of hands	127. No proxy shall be entitled to vote by a show of hands.
Instrument of proxy when to be deposited	128. The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.
Form of Proxy	129. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.
Validity of votes given by proxy notwithstanding revocation of authority	130. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.
Time for objection to vote	131. No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.
Chairman of any Meeting to be the judge of Validity of any value	132. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
Custody of Instrument	133. If any such instrument of appointment is confined to the object of appointing at attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

Title of Article	Article Number and contents
Number of Directors	134. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.
First Directors	135. The first Directors of the Company are: (1) Shri C Naga Kanaka Durga Prasad (2) Shri Annam Subhash Chandra Mohan
Debenture Directors	136. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.
Nominee Director or Corporation Director	137. a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI),ICICI Ltd.(ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation") continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall *ipso facto* vacate such office immediately on the moneys owing by the Company to the Corporation being paid off The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or

Title of Article	Article Number and contents
	remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.
Limit on number of retaining Directors	138. The provisions of Articles 136, 137 and 138 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 137 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.
Alternate Director	139. The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.
Directors may fill in vacancies	140. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
Additional Directors	141. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board (“Additional Director”) so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.
Qualification shares	142. A Director need not hold any qualification shares.
Directors’ sitting fees	143. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.

Title of Article	Article Number and contents
Extra remuneration to Directors for special work	144. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided. 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: i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or ii) by way of commission if the Company by a Special Resolution authorised such payment.
Traveling expenses incurred by Directors on Company's business	145. The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for traveling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.
Director may act notwithstanding vacancy	146. The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number, of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.
Board resolution necessary for certain contracts	147. (1) Subject to the provisions of Section 297 of the Act, except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director is a member or director, shall not enter into any contract with the Company. (a) For the sale, purchase or supply of goods, materials or services; or b) for underwriting the subscription of any Share in or debentures of the Company; (c) nothing contained in clause (a) of sub-clause (1) shall affect:- (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 (ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other 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, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts; (2) Notwithstanding any contained in sub-clause(1) hereof, a Director, relative, firm partner or 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 or cost of such services exceeds rupees five thousand 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

Title of Article	Article Number and contents
	within three months of the date on which the contract was entered into. (3)Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the data on which was entered into. (4) If consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board. (5) 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.
Disclosure to the Members of Directors' interest in contract appointing Managers, Managing Director or Whole time Director	148. When the Company: (a) enters into a contract for the appointment of a Managing Director or Whole time Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.
Directors of interest General notice of disclosure	149. (a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act. (b) A general notice, given to the Board by the Director to the effect that he is a director or is a member of a specified body corporate or is a member of a specified firm under Sections 299(3)(a) shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that is brought up and read at the first meeting of the Board after it is given.
Directors and Managing Director may contract with Company	150. Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.
Disqualification of the Director	151. (1)A person shall not be capable of being appointed Director of the Company if:- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force; (b) he is an undischarged insolvent; (c) he has applied to be adjudged an insolvent and his application is pending; (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed form the date of expiry of the sentence;

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	(e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.
Vacation of office by Directors	151. (2) The office of Director shall become vacant if:- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or (b) he applies to be adjudged an insolvent; or (c) he is adjudged an insolvent; or (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or (e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or (g) he(whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or (j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or (k) if by notice in writing to the Company, he resigns his office, or (l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
Vacation of office by Directors (contd.)	151. (3) Notwithstanding anything contained in sub-clauses (c), (d) and (i) of sub clause (2) hereof, the disqualification referred to in these clauses shall not take effect: (a) for thirty days from the date of the adjudication, sentence or order; (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

Title of Article	Article Number and contents
Removal of Directors	152. (a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office. (b) Special Notice as provided by these Articles or Section 190 of the Act shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed. (c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting. (d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so: (i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and (ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent(before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter. (e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 143 or Section 262 of the Act be filled by the appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under sub clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid. (f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 143 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly (g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors. (h) Nothing contained in this Article shall be taken:- (i) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or (ii) as derogating from any power to remove a Director which may exist apart form this Article.
Interested Directors not to participate or vote in Board's proceedings	153. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-

Title of Article	Article Number and contents
	(a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company; (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely; (i) in his being: (a) a director of such company; and (b)the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or (ii) in his being a member holding not more than two percent of its paid-up share capital.
Director may be director of companies promoted by the Company	154. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.

ROTATION AND APPOINTMENT OF DIRECTORS

Title of Article	Article Number and contents
Rotation of Directors	155. Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.
Retirement of Directors	156. Subject to the provisions of Articles 138 and 140, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.
Retiring Directors	157. Subject to the provisions of Section 256 of the Act and Articles 136 to 143, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 169, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.
Ascertainment of Directors retiring by rotation and filling of vacancies	158. Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 160 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.
Eligibility for re-election	159. A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the Meeting at which he retires.
Company to fill vacancies	160. Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.
Provision in default of appointment	161. (a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

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	(b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless: (i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost. (ii) 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. (iii) he is not qualified or is disqualified for appointment (iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or (v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.
Company may increase or reduce the number of Directors or remove any Director	162. Subject to the provisions of Section 252,255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.
Appointment of Directors to be voted individually	163. (a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it. (b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply. (c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.
Notice of candidature for office of Directors except in certain cases	164. (1) No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has given atleast fourteen days notice in writing under his hand signifying his candidature for the office of a Director or the intention of such person to propose him as Director for that office as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such Member, if the person succeeds in getting elected as a Director. (2) The Company shall inform its Members of the candidature of the person for the office of Director or the intention, of a Member to propose such person as candidate for that office by serving individual notices on the Members not less than seven days before the Meeting provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place. (3)Every person (other than Director retiring by rotation or otherwise or person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed. (4) A person other than:-

Title of Article	Article Number and contents
	(a) a Director appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 252 of the Act ,appointed as a Director re- appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director.
Disclosure by Directors of their holdings of their Shares and debentures of the Company	165. Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the next meeting of the Board after it is given.

MANAGING DIRECTOR

Title of Article	Article Number and contents
Powers to appoint Managing Director	166. Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Whole time Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. (a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956. (b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.
Remuneration of Managing Director	167. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.
Special position of Managing Director	168. Subject to any contract between him and the Company, a Managing shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, *ipso facto* and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.
Powers of Managing Director	169. The Director may from time to time entrust to and confer upon a Managing Director or Whole time Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.
	170. The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole time Director or Whole time Directors of the Company and may exercise all the powers referred to in these Articles.

Title of Article	Article Number and contents
	171. Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.
	172. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
	173. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.
Appointment and powers of Manager	173A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Meeting of Directors	174. The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the provisions of Section 285 of the Act allow otherwise, Directors shall so meet at least once in every three months and atleast four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.
Quorum	175. (a) Subject to Section 287 of the Act the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one third being rounded off as one) or two Directors whichever is higher. PROVIDED that where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the Total Strength, the number of the remaining Directors that is to say, the number of remaining who are not interested) present at the Meeting being not less than two shall be the quorum during such time. (b)for the purpose of clause(a) (i) "Total Strength" means total strength of the Board of Directors of the Company determined in pursuance of the Act after deducting there from number of the Directors if any, whose places may be vacant at the time, and(ii) “Interested Directors” means any Directors whose presence cannot by reason of any provisions in the Act count for the purpose of forming a quorum at a meeting of

Title of Article	Article Number and contents
	the Board at the time of the discussion or vote on any matter.
Procedure when Meeting adjourned for want of quorum	176. If a meeting of the Board could not be held for want of quorum then, the Meeting shall automatically stand, adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.
Chairman of Meeting	177. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors, provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, meeting of the Director shall choose one of their members to be Chairman of such Meeting.
Question at Board meeting how decided	178. Subject to the provisions of Section 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.
Powers of Board meeting	179. A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.
Directors may appoint Committee	180. The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act, and of these Articles delegate any of the powers other than the powers to make calls and to issue debentures to such Committee or Committees and may from time to time revoke and discharge any such Committee of the Board, either wholly or in part and either as to the persons or purposes, but every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation(s) that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.
Meeting of the Committee how to be governed	181. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding article. Quorum for the Committee meetings shall be two.
Circular resolution	182. (a) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 183 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of Directors or of a Committee duly called and held. (b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with necessary papers if any to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee, as are then in India, or by a majority of such of them as are entitled to vote on the resolution.
Acts of Board or Committee valid	183. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be

Title of Article	Article Number and contents
notwithstanding defect in appointment	discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF THE BOARD

Title of Article	Article Number and contents
General powers of management vested in the Board of Directors	184. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting :- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking; (b) remit, or give time for the repayment of, any debut due by a Director, (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body; (i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) of as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e) (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of

Title of Article	Article Number and contents
	other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.
Certain powers to be exercised by the Board only at Meetings	185. (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board; (a) the power to make calls, on shareholders in respect of money unpaid on their Shares, (b) the power to issue Debentures, (c) the power to borrow moneys otherwise than on Debentures, (d) the power to invest the funds of the Company, and (e) the power to make loans Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below: (2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate. (3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate. (4) Every resolution delegating the power referred to in sub-clause (1) (e)above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.
Certain powers of the Board	186. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power: (1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.To accept from any Member, as far as may be permissible by law to a surrender of his

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	Shares or any part thereof, on such terms and conditions as shall be agreed.To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.Subject to the provisions of Sections 291, 292, 295, 370,372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding

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	clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause. (17A) To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager. (18) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such

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	conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India. (24) To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. (25) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. (26) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how. (27) To sell from time to time any articles, materials, machinery,plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products. (28) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient. (29) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.(30) To improve, manage, develop, exchange, lease, sell, resell and re- purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested. (31) To let, sell or otherwise dispose of subject to the provisions of Section 293 of

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	the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit. (32) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.

MINUTES

Title of Article	Article Number and contents
Minutes to be made	187. (1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered. (2) Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed: (a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting. (b) in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.
Minutes to be evidence of the proceeds Books of minutes of General Meeting to be kept	188. (a) The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or every Committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein. (b) The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open to the inspection of any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section.
Presumptions	189. Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

THE SECRETARY

Title of Article	Article Number and contents
Secretary	190. The Directors may from time to time appoint, and at their discretion, remove any individual, (hereinafter called "the Secretary") to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Secretary's Qualification) Rules 1975.
The Seal, its custody and use	191. **(a) Seal**The Board shall provide a Common Seal for the purpose of the Company and

Title of Article	Article Number and contents
	shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. **(b) Common Seal for use outside India** The Board may for the purpose of use of the Common Seal outside India, cause a facimile of the Common Seal to be made and authorize the use of it in the manner provided under Section 50 of the Companies Act, 1956 **(c) Safe Custody of Seal** The Common Seal shall be in the safe custody of the Director or the Secretary for the time being of the Company. **(d) Affixing of Seal on deeds and instruments'** On every deed or instrument on which the Common Seal of the Company is required to be affixed, the Seal be affixed in the presence of a Director or a Secretary or any other person or persons Authorised in this behalf by the Board, who shall sign every such deed or instrument to which the Seal shall be affixed. **(e) Affixing of Seal on Share Certificates** Notwithstanding anything contained in Clause (d) above, the Seal on Share Certificates shall be affixed in the presence of such persons as are Authorised from time to time to sign the Share Certificates in accordance with the provisions of the Companies (Issue of Share Certificates) Rules in force for the time being. **(f) Removal of Common Seal outside the office premises** The Board may authorize any person or persons to carry the Common Seal to any place outside the Registered Office inside or outside for affixture and for return to safe custody to the Registered Office.

DIVIDENDS AND CAPITALISATION OF RESERVES

Title of Article	**Article Number and contents**
Division of profits	192. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares. (b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.
The Company at General Meeting may declare dividend	193. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.
Dividends out of profits only	194. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.
Interim dividend	195. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	196. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. (b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.
Capital paid-up in	197.

Title of Article	Article Number and contents
advance as interest not to earn dividend	Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amounts paid-up	198. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	199. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone of jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
Effect of transfer of Shares	200. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	201. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	202. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	203. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	204. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within time required by law.	205. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:- (a) where the dividend could not be paid by reason of the operation on any law; or (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or (c) where there is dispute regarding the right to receive the dividend; or (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

Title of Article	Article Number and contents
Unclaimed dividend	206. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account". Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act. No unclaimed or unpaid divided shall be forfeited, before the claim becomes barred by law
Set-off of calls against dividends	207. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.
Dividends in cash	208. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.
Capitalisation	209. (1)The Company in General Meeting may, upon the recommendation of the Board, resolve: (a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and (b)that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion. (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards; (a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or (b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or (c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b) (3) A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.
Board to give effect	210. The Board shall give effect to the resolution passed by the Company in pursuance of above Article.
Fractional certificates	211. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall; (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and Generally do all acts and things required to give effect thereto.(2)The Board shall have full power: (a) to make such provision by the issue of fractional cash certificate or by

Title of Article	Article Number and contents
	payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also (b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares. (3) Any agreement made under such authority shall be effective and binding on all such Members. (4)That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

ACCOUNTS

Title of Article	Article Number and Contents
Books to be kept	212. (1) The Company shall keep at its Registered Office proper books of account as would give a true and fair view of the state of affairs of the Company or its transactions with respect to: (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place (b) all sales and purchases of goods by the Company (c) the assets and liabilities of the Company and (d)if so required by the Central Government, such particulars relating to utilisation of material or labour or to other items of cost as may be prescribed by the Government Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place. (2)Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transaction effected at the branch are kept at that office and proper summarised returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company at its Registered Office or the other place referred to in sub-clause (1). The books of accounts and other books and papers shall be open to inspection by any Director during business hours.
Inspection by Members	213. No Members (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.
Statements of accounts to be furnished to General Meeting	214. The Board of Directors shall from time to time in accordance with Sections 210,211,212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.
Right of Members or others to copies	215. (1) The Company shall comply with the requirements of Section 219 of the Act.

of balance sheet and Auditors' report and statement under Section 219	(2) The copies of every balance sheet including the Profit & Loss Account, the Auditors' Report and every other document required to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the Annual General Meeting. A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit will be sent to every Member of the Company and to every trustee of the holders of any Debentures issued by the Company not less than 21 days before the date of the Meeting.
Accounts to be audited	216. Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.
Appointment of Auditors	217. (1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act. (2) The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor. (3) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless: (a) he is not qualified for re-appointment;he has given to the Company notice in writing of his unwillingness to be re-appointed;a resolution has been passed at that Meeting appointing some body instead of him or providing expressly that he shall not be re-appointed; or (d) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with. (4) Where at any Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy. (5)The Company shall within seven days of the central government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government. (6) The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of art Auditor, the vacancy shall only be filled by the Company in General Meeting. (7) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to retiring Auditor and shall give notice thereof, to the Members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.
Accounts when audited and approved to be conclusive except as to errors	218. Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in

discovered within 3 months	pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.

REGISTERS AND DOCUMENTS

Title of Article	**Article Number and Contents**
Registers and documents to be maintained by the Company	223. The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following: (a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act.Foreign register, if so thought fit, as required by Section 157 of the ActRegister of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act.Register of Directors and Secretaries etc. as required by Section 303 of the Act.Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.(j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.
Inspection of Registers	224. The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

WINDING UP

Title of Article	Article Number and Contents
Distribution of assets	225. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
Distribution in specie or kind	226. (a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.

	(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act. (c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.
Right of shareholders in case of sale	227. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.
Directors and others right to indemnity	228. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
Director, officer not responsible for acts of others	229. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECRECY CLAUSE

Title of Article	Article Number and Contents
Secrecy Clause	230. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state

	of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
No Member to enter the premises of the Company without permission	231. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Andhra Pradesh at Hyderabad for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office/corporate office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Memorandum of Understanding dated May 16, 2011, entered between our Company and Ashika Capital Limited, the Book Running Lead Manager to the Issue
2. Memorandum of Understanding dated May 16, 2011, entered between our Company and Vivro Financial Services Private Limited, the Book Running Lead Manager to the Issue
3. Agreement between our Company and Bigshare Services Private Limited, Registrar to the Issue, dated May 13, 2011
4. Tripartite Agreement dated July 28, 2009 between NSDL, our Company and the Registrar to the Issue
5. Tripartite Agreement dated July 17, 2009 between CDSL, our Company and the Registrar to the Issue
6. Escrow Agreement dated January 17, 2013 between our Company, the BRLMs, the Escrow Banks, the Syndicate Member(s) and the Registrar to the Issue
7. Syndicate Agreement dated January 17, 2013 between our Company, the BRLMs and the Syndicate Members
8. Memorandum of Understanding entered on January 18, 2013 between our Company and Mr. Chalavadi Naga Kanaka Durga Prasad & Others for Safety Net Scheme
9. Underwriting Agreement dated [●] between our Company, the BRLMs and Syndicate Members

Material Documents

1. Copy of Memorandum of Association and Articles of Association of our Company, as amended from time to time.
2. Copy of Special Resolution passed under section 81 (1A) of the Companies Act, 1956 at their Extra-ordinary General Meeting held on April 29, 2011 authorizing present issue of equity shares.
3. Copy of the resolution passed by members in their meeting held on May 14, 2009 giving authority to the Board of Directors to borrow under Section 293 (1)(d) of the Companies Act, 1956.
4. Copy of Deed of Partnership of the erstwhile Partnership Firm, M/s Sai Silks (Kalamandir).
5. Power Purchase Agreement dated 31.03.2011 (No. 33/2010-11) entered between our Company and Central Power Distribution Company of Andhra Pradesh Limited.
6. Agreement dated 17.08.2010 entered into between our Company and NEDCAP.
7. Work / purchase orders dated 11.08.2010 placed by our Company with Shriram EPC.
8. Copies of Audited Financial Statements of our Partnership Firm for the financial years ending on March 31, 2008 and for the period April 01, 2008 to July 02, 2008. Also, Copies of annual reports of our Company for the period July 03, 2008 to March 31, 2009 and for the financial years ending on March 31, 2010, 2011, 2012 and seven months period ending on October 31, 2012.
9. Report of GV & Co., Chartered Accountants (Peer Review Auditor) dated December 31, 2012 for Restated Financials of our company as mentioned in the RHP.
10. Copy of certificate dated June 22, 2012 issued by B. Vithlani & Co., Statutory Auditors of our Company regarding tax benefits accruing to our Company and its shareholders.
11. Copies of the Undertaking from Sai Silks (Kalamandir) Limited.
12. Consents of Auditors, Bankers to our Company, BRLMs, Syndicate Members, Registrar to the Issue, Domestic Legal Counsel to the Company, Directors of our Company, Company Secretary and Compliance Officer, Escrow Collecting Banks as referred to, in their respective capacities.
13. Legal Due Diligence report dated May 23, 2011 and supplementary legal due diligence report dated January 7, 2013 from Alliance Corporate Lawyers, the Legal Advisors to the issue.
14. Copy of certificate dated December 22, 2012 received from B. Vithlani & Co., Statutory Auditors of our Company regarding sources and deployment of funds.
15. Media Plan estimates dated December 24, 2012 of Sumaja Creations.
16. Copy of resolution passed at the meeting of Board of Directors held on for approving this RHP.

17. Copies of In-principle approval received from BSE vide their letter no.DCS/IPO/NP/IPO-IP/204/2011-12 Dated July27, 2011 and NSE vide their letter no. NSE/LIST/144306 -H Dated September 09, 2011.
18. Due diligence certificate dated May 26, 2011 to SEBI from Ashika Capital Limited & Vivro Financial Services Private Limited.
19. Copy of inter-se allocation of responsibilities between Ashika Capital Limited & Vivro Financial Services Private Limited (Book Running Lead Managers to the Issue).
20. IPO Grading Letter dated December 18, 2012 from ICRA Limited;
21. SEBI Observation Letter Nos.CFD/DIL/ISSUES/SK/MS/12258/2012 dated June 04, 2012 and CFD/DIL/ISSUES/SK/RK/2329/2013 dated January 30, 2013 issued by the Securities and Exchange Board of India and reply to the observation by Ashika Capital Limited (Book Running Lead Managers) vide their letter no. ACL: MUM: 2012-13:0210 dated January 18, 2013 and email dated January 29, 2013.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines or regulations issued, as the case may be. All the said legal requirements connected with this issue as also the guidelines, instruction etc, issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the Directors of Sai Silks (Kalamandir) Ltd, hereby declare and confirm that no information/ material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of this Prospectus has been suppressed/ withheld and/ or incorporated in the manner that would amount to misstatement/ misrepresentation. We further certify that all the statements in this Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Mr. Chalavadi Naga Kanaka Durga Prasad
Chairman & Managing Director ________________________________

Mr. Chalavadi D K Durga Rao
Whole Time Director ________________________________

Mr. Kalyan Srinivas Annam
Whole Time Director ________________________________

Mr. Naveen Nandigam
Independent Director ________________________________

Ms. Anita Sakuru
Independent Director ________________________________

Mr. Jineshwar Kumar Sankhala
Independent Director ________________________________
(Alternate Director to Mr. Laxminivas Jaju)

Signed by the Company Secretary and Compliance Officer

Mr. Soumith Kumar Sikinderpurkar

Place: Hyderabad

Date: January 18, 2013

ANNEXURE-I

Issue Details

Sai Silks (Kalamandir) Limited (SSKL) is proposing an Initial Public Offer (IPO) to mobilize approximately Rs. 89 crores. The Issue is being made through the 100% book building process wherein 10% of the issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIBs), including up to 5% of the QIB portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds. Further, not less than 35% of the issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 55% of the issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received at or above the issue price. Post IPO, the shares will be listed on the NSE & BSE.

Proposed Use of IPO Proceeds

The IPO proceeds are proposed to be used in the manner as mentioned in the table below:

Table 1: Proposed Use of IPO Proceeds

Particulars	Rs. crore
Setting up four new retail stores	12.73
Expenses to be incurred for brand promotion	8.50
Working capital requirements	60.00
Pre-payment of term loan facility	0.91
Issue related expenses	6.86
Total	89.00

Analyst Contact:

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IPO Grading

ICRA has assigned an IPO Grade 2, indicating below-average fundamentals to the proposed Initial Public Offering (IPO) of SSKL. ICRA assigns IPO grading on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include inter alia business and competitive position, financial position and prospects, management quality, corporate governance and history of compliance and litigation.

Strengths

- Established presence of "Kalamandir" brand in the major markets of Bangalore and Hyderabad
- Favourable location of stores with long term lease agreements in place
- Increased presence in the market space with recent launch of two new brands: 'Mandir' targeted at the premium segment and 'Varamahalakshmi' targeting the low to medium segment customers
- Strong revenue growth at a CAGR of 27% over FY 09 – FY 12 mainly driven by new store sales; sales in existing stores registered a marginal decline of 1%
- Focus on developing supply chain since inception, established relationship with weavers has provided with a competitive advantage. The operating margins have shown improvement year-on-year from 6.8% in FY 10 to 11.2% in FY 12
- Growth prospects remain buoyant for the women's wear market, especially for the branded ethnic wear segment since organised retail market remains under penetrated. However, contingent on ability to scale up the business by opening new stores

Concerns

- Limited geographical presence with stores located in Bangalore (64%) and Hyderabad (24%) contributing 88% of total revenues; any disruption to business at these locations would have adverse impact on the turnover as witnessed during FY 12 when stores located in Hyderabad lost around 50 days of business due to Telangana agitations;
- Working capital intensive nature of the retail business; inventory remains susceptible to markdowns
- Seasonality in business as majority of revenues are generated in H2 of the year due to high purchases during festive and wedding seasons
- Same stores sales growth has been low and therefore future growth would have to be driven by expansion in number of stores-thus incremental growth would come at a cost. Given the slow pace of expansion in the past (company had incurred around Rs. 22 crore over the last five years for setting up 12 stores); the ability of SSKL to scale up at a faster pace remains to be seen
- If IPO doesn't go through, SSKL may have to scale down the capex thereby constraining the growth

Grading Rationale

The IPO grade assigned by ICRA reflects the established presence of brand "*Kalamandir*" as reflected by strong revenue growth at a CAGR of 27% over the last three years; the strategically located stores in prime locations further lent support to the growth. However, the growth has been primarily driven by new store sales with sales from existing stores witnessing a marginal decline of 1%. ICRA draws comfort from the recent launch of two new brands viz. *Mandir* and *Varamahalakshmi* which further widen SSKL's target segment and SSKL's focus on developing supply chain since inception; established relationship with weavers has provided it with a competitive advantage resulting in improved operating margins from 6.8% in FY 10 to 11.2% in FY 12. ICRA notes that the growth prospects remain buoyant for women's ethnic wear segment on account of low penetration of organized retail. However, it remains contingent on ability of SSKL to scale up the business by opening new stores.

The grading is, however, constrained by the limited geographical presence of SSKL with stores located in Bangalore (64%) and Hyderabad (24%) contributing 88% of total revenues in FY 12; any disruption to business at these locations would have adverse impact on the turnover as witnessed during FY 12 when stores located in Hyderabad lost around 50 days of business due to Telangana agitations, completely outsourced manufacturing - limited value addition with role of SSKL confined to designing and the high leverage resulting from adverse working capital cycle. ICRA notes that given the seasonality in business with 55-60% of total revenues contributed from H2 sales, any mismatch between the company's forecasts and actual sales can lead to excess inventory and may require it to resort to higher markdown and thus lower margins, in order to clear such inventory. Given the same store sales growth stagnation, future growth would have to be driven by expansion in number of stores-thus incremental growth would come at a cost. If IPO doesn't go through, SSKL may have to scale down the capex plans substantially thereby constraining the growth in the medium term.

Company Profile

Founded in 2005 as a partnership firm and later converted into a public limited company in 2009, Sai Silks (Kalamandir) Limited (SSKL) is a primarily a saree retailer with its presence in the states of Andhra Pradesh, Karnataka and Tamil Nadu. SSKL operates fifteen retail stores out of which six are in Bangalore, five in

Hyderabad, one each in Guntur, Vijayawada, Hanamkonda and Kanchi. These fifteen showrooms are spread over more than 129,035 square feet. SSKL also has a 2MW wind mill unit located in Kurnool district of Andhra Pradesh. The wind mill unit commenced operations during FY 10-11.

Promoters and Management

SSKL is promoted by Mr. Chalavadi N K Durga Prasad and Mrs. Chalavadi Jhansi Rani. The promoters of the company are directly involved in the day- to- day operations besides key management decisions. Currently, the promoters & promoters' family hold 100% shareholding. Mr. Prasad earlier worked with SAP Labs in ERP domain as a consultant.

Corporate Governance

The Board of Directors comprises of three executive directors and three independent directors, thereby satisfying the Clause 49 of the Listing agreement on corporate governance. Mr. Naveen Nandigam is a director of Avantel Limited, a technology company which offers telecom products and software solutions based out of Hyderabad. Ms. Anita Sakuru is a founding director of Kenexa Technologies based in Vizag which was later taken over by IBM. Mr. Laxmi Nivas is a Technical & Financial Consultant of Helical Tubes & Ducts Limited.

The company has constituted three committees to comply with corporate governance requirements which include Audit committee, Shareholders' Grievance Redressal Committee and Remuneration Committee, each of which is chaired by an independent director. The accounting policies followed by SSKL are in line with generally accepted practices and accounting standards are consistent every year.

Business and Competitive Position

Favourable industry prospects over long term however vulnerable to fluctuations in consumer spending

The apparel sector is the second largest segment in terms of its contribution to the retail market. The overall size of the textile and apparel industry in India is currently estimated at $45bn and is expected to grow to at a CAGR of 11%. Currently, menswear is the biggest segment of the domestic apparel market with 43% share of the total market while women's wear constitutes 38% and remaining from kids wear. Organized retail penetration (ORP) in India is low (5%) compared to other countries (85% in US); indicating strong growth potential for organized retail (Source: IBEF)

The company primarily targets the premium segment with a focus on wedding and high value silk sarees. Demand for sarees is expected to be supported by strong cultural significance attached to sarees. Although the saree-retail industry has a dominant unorganized sector, SSKL caters to a market which is relatively less price sensitive. However, demand is driven by disposable incomes and therefore remains exposed to any economic slowdown or decline in consumer confidence.

Sarees/Dress Materials contribute around 50% of total revenues; contribution from jewellery trading on a declining trend due to fall in volumes

Although the company continues to focus on the sarees segment, it has diversified its portfolio of offerings to include dress materials and ready-made garments (RMG) for women, men and kids. The RMG segment includes other established brands where the merchandise is bought from the manufacturers or distributors at a markdown. However, there is no long term contract with these suppliers and each transaction is independently negotiated for discounts, payment terms and terms of return of unsold merchandise.

Table 2: Segment wise sales

Year ->	FY 2009-10		FY 2010-11		FY 2011-12		H1 FY 13	
Segment	**Sales in Rs cr**	**% of total sales**	**Sales in Rs cr**	**% of total sales**	**Sales in Rs cr**	**% of total sales**	**Sales in Rs cr**	**% of total sales**
Sarees/ Dress Materials	100.4	52%	128.27	53%	144.65	55%	75.20	56%

Kids Wear	7.5	4%	6.73	3%	10.29	4%	4.40	3%
Mens Wear	6.7	3%	8.91	4%	8.08	3%	3.26	2%
Gold and Silver	79.0	41%	99.85	41%	99.50	38%	51.44	38%
Total sales	**193.6**		**243.77**		**262.52**		**134.31**	

Jewellery is the next biggest segment after sarees, accounting for 38% of FY 12 revenues. In an effort to provide one-stop shopping solution to its customers, SSKL started jewellery retailing in 2008. In two of its stores in Bangalore, a group company Sai Swarnamandir Jewellers Pvt. Ltd. (SSJPL) retails jewellery on SIS (Shop-in-shop) basis wherein the sales are shown in SSKL's books and payments to SSJPL are made after deducting 2% margin on the sale of jewellery.

Procurement made through Group entity M/s. Sai Retail India (SRI) which has a vast network of weavers

Around 80% of the saree sales are contributed from Handloom sarees which are custom made and hence require SSKL to deal with weavers. SRI, a partnership firm with promoters of SSKL as partners, deals with around 250-300 master weavers located in Lucknow, Varanasi etc. These master weavers in turn handle around 80-100 weavers. SSKL gets latest design (both in house library and some from freelancers) which are given to the master weavers. A flat 2% commission is paid to SRI for the purchases. SRI has a 90 member strong team who visits the locations of master weavers and ensures quality and timeliness of the deliverables. Other types of sarees which contribute the remaining 20% of the sales are usually procured in bulk from traders and manufacturers based in Surat and other parts of India.

Limited geographical operations with Bangalore and Hyderabad contributing around 88% of total FY 12 sales

SSKL operated 13 showrooms during FY 12, five in Hyderabad, one each in Vijayawada and Guntur in AP and six in Bangalore in Karnataka. Although the company started with Hyderabad and entered Bangalore only in 2007-08, Bangalore today accounts for highest number of stores and around 64% of the FY 12 sales followed by Hyderabad at 24% and Vijayawada and Guntur which together contributed 11%. With Bangalore and Hyderabad accounting for close to 90% of total sales, any disruption to business at these locations would have adverse impact on the turnover as witnessed during FY 12 when stores located in Hyderabad lost around 50 days of business due to Telangana agitations.

Table 3: Geography wise sales per sq ft

Sales per sq ft per month (Rs.)	FY 11	FY 12	H1 FY 13
Stores in Hyderabad	1164	1236	1076
Stores in Bangalore#	3230	3296	3543
Others	1298	1741	1611

*** New stores opened in the middle of any year were not considered # adjusted for jewellery sales the sales per sq ft in Bangalore is 1510 for FY 12**

The average sales per store has increased year-on-year for each of the four cities, which reflects the growing popularity of "Kalamandir" brand. The average sales per sft is the highest for Bangalore on account of jewellery sales (around Rs. 97 crore) made at two of its stores in Jayanagar and Malleshwaram.

Majority of the growth is driven by stores less than 3 years old

Table 4: Same store sales growth

Amount in Rs. crore	FY 11	FY 12	Same store sales Growth
Stores established in last 3 years (including new stores)	31.91	48.47	52%
Remaining stores	203.98	202.85	-1%
New Store launched in FY 12		9.81	

Majority of the growth is contributed from new stores and stores established in the last three years. During FY 12, growth from these stores was around 52% when compared to stores that are older than three years which witnessed a 1% decline. The loss of business during FY 12 due to Telangana agitations and protest against VAT could be partly attributed for the decline in same store sales. When adjusted for these, the same store sales grew by a marginal 1.3% during this period.

Seasonality in business; annual results are significantly dependent on third and fourth quarter sales; inventory susceptible to mark downs

Table 5: Quarter wise sales

Quarter	FY 11	FY 12	FY 13
Q1	47.31 (19%)	60.01 (23%)	51.73
Q2	55.66 (23%)	49.85 (19%)	82.58
Q3	64.27 (26%)	59.34 (23%)	
Q4	76.53 (31%)	93.32 (36%)	

The industry is characterized by high sales during the third and fourth quarter due to the festival season. Q3 and Q4 contribute around 55-60% of annual sales. Any decrease in sales during these quarters could have a material adverse effect on SSKL's results.

Further, any mismatch between the company's forecasts and actual sales can lead to excess inventory and may require it to resort to higher markdown and thus lower margins, in order to clear such inventory. To clear unsold inventory, the company has a policy of stock rotation (unsold inventory at one store is rotated to other stores) in addition to end of season sale which are conducted four times in a year. Finally any leftover stock even after 5 years is usually written off. The last inventory write-off was done in FY 10 to the extent of Rs. 6.68 crore.

New Projects: Risks and Prospects

Setting up four new retail outlets

The company proposes to set up additional 4 retail outlets to achieve a sizeable presence in South India. The entire project cost of Rs. 12.73 crore is to be funded through issue proceeds. Same stores sales growth has been low and therefore future growth would have to be driven by expansion in number of stores-thus incremental growth would come at a cost. If IPO doesn't go through, the funding deficit is expected to be met through additional term loans. Historically, SSKL spent around Rs. 24 crore in the last five years to set up 12 stores. Given the slow pace of increase in number of new stores in the past five years, the ability of the company to increase its presence at such a high pace remains to be seen.

Financial Position

Health growth in operating income at a CAGR of 27% over the last three years; slow pace of growth in FY 12 on account of disruption of operations owing to Telangana Agitations and protests against VAT

The operating income grew at a healthy CAGR of 27% from Rs. 127.22 crore in FY 09 to Rs. 262.76 crore in FY 12 primarily driven by opening of five new stores. The pace of growth slowed down in FY 12. OI increased by 8% from Rs. 243.77 crore in FY 11 to Rs. 262.76 crore in FY 12. Due to loss of business days ranging from 30 to 55 (depending on the location) on account of Telangana agitations (for stores located in Hyderabad) in addition to voluntary shut down to protest against VAT (all locations).

Table 6: Profitability and return indicators

(Rs. crore)	FY 2009	FY 2010	FY 2011	FY 2012	H1 FY 2013
Operating income (OI)	127.22	193.63	243.77	262.76	134.78
Growth in OI	96%	52%	26%	8%	-
OPBDITA	11.10	13.24	20.02	29.36	15.82
OPBDITA/OI	8.7%	6.8%	8.2%	11.2%	11.7%
PAT	3.02	4.04	8.40	11.38	5.47
PAT/OI	2.4%	2.1%	3.4%	4.3%	4.1%
ROCE	19.77%	17.24%	23.96%	25.85%	22.30%
RONW	15.92%	16.67%	27.47%	27.66%	22.19%
EPS (Rs.)*	3.01	2.35	4.20	5.63	
EPS Growth rate		-23%	77%	36%	

Note: OPBDITA: Operating Profit before Depreciation, Interest, Tax and Amortisation; PAT: Profit after Tax; NCA: Net Cash Accruals; ROCE; Return on Capital Employed; RONW: Return on Net Worth; EPS: Earnings per share;
Source: Annual Report

Unsold inventory is written-off once in five years. The last inventory write-off happened in FY 10 to the extent of Rs. 6.7 crore which resulted in reduced operating margin from 8.7% in FY 09 to 6.8% in FY 10. The next inventory write-off is likely to happen in FY 15 which would have material impact on the earnings of SSKL. With enhanced working capital limits the company was able to make cash purchases with discounts. This in addition to increase in average purchases per customer for the sarees division has resulted in improved operating margins. OPM improved from 6.8% in FY 10 to 11.2% in FY 12. Ad spend varied between Rs. 3.6%– 5.5% of OI in the last three years depending on the number of new outlets opened in a particular year.

Despite increase in OPM during this period by around 440 bps, the NPM improved from 2.1% in FY 10 to 4.3% in FY owing to increase in interest expenses from 2.9% in FY 10 to 4.2% in FY 12 and marginal increase in depreciation expenses.

Given the limited value addition & trading nature of business coupled with stores being operated from leased premises, the RoCE is high. With improved profitability, the return indicators improved. ROCE increased from 17.24% in FY 10 to 25.85% in FY 12. With near doubling of net profit margins from 2.1% in FY 10 to 4.3% in FY 12, RONW increased from 16.67% in FY 10 to 27.66% in FY 12.

Marginal improvement in leverage and coverage indicators despite increase in debt levels

On account of debt funded capex and increased working capital borrowings the debt levels increased from Rs. 41.80 crore as on Mar 31, 2010 to Rs. 73.71 crore as on Mar 31, 2012. With sudden jump in inventory levels to support ongoing new store openings, the debt levels further increased to Rs.91.09 crore as on Sept 30, 2012. Healthy accretion to reserves had resulted in improved gearing levels from 1.64 times as on Mar 31, 2011 to 1.58 times as on Mar 31, 2012 despite increase in debt levels.

Table 7: Capitalisation and Coverage

Rs. crore	FY 2009	FY 2010	FY 2011	FY 2012	H1 FY 2013
Total Debt (TD)	45.88	41.80	60.60	73.71	91.09
Tangible Net Worth (TNW)	23.02	25.88	35.59	46.70	51.90
Gross Block	17.84	18.63	29.41	37.84	38.49
Gearing (TD/TNW)	2.00	1.64	1.70	1.58	1.75
OPBDITA / Interest and Finance Charges (X)	2.04	2.33	2.99	2.68	2.36
NCA/Total Debt (%)	9	10	16	19	15
Total Debt/OPBDITA	4.13	3.16	3.03	2.51	2.88

Source: Annual Report

Improved profitability had resulted in improved TD/OPBDITA from 4.13 times in FY 09 to 2.51 times in FY 12, NCA/TD increased from 9% to 19%.

Working capital intensive nature of the business; any new store openings planned during a year would require SSKL to raise its inventory levels thereby increasing working capital intensity

By virtue of the nature of business, SSKL had to maintain high levels of inventory. The merchandise being highly focused towards women, number of designs and wide range of colors have to be maintained in order to offer choice to the customers. The working capital intensity has been volatile and is dependent on the inventory required for the next season depending on number of new stores to be opened during a particular year. NWC/OI is moderate at 34% in FY 12 which is typical of this industry though increased from 27% in FY 11. SSKL usually maintains 5 months of inventory. In case of new store openings in any particular year, the inventory levels tend to increase as can be observed in FY 11 and FY 12

Table 8: Working capital

	FY 2009	FY 2010	FY 2011	FY 2012	H1 FY 2013
Debtor(days)	13	8	1	2	2
Creditor (days)	33	13	29	15	18
Inventory (days)	225	119	158	168	185
NWC/OI (%)	41	27	27	34	40

Source: Annual Report

Contingent Liabilities

Table 9: Contingent liabilities as on 31st March, 2012

Rs. crore	
Corporate Guarantee	22.00
Income tax (for AY 09-10)^	0.03
Total	22.14
Contingent Liabilities/Net Worth	0.47
Service Tax on rental premises In Bangalore	N.A.

The contingent liabilities as on 31st Mar, 2012 primarily consist of income tax liability to the tune of Rs. 0.03 crore and corporate guarantee of Rs. 22 crore extended to group company SSJPL.

^AY: Assessment Year; N.A.: Monetary claim not ascertainable

Litigation History:

The litigations pertaining to the company are as mentioned below (as on December 04, 2012):

Table 10: Litigation history

Nature of litigation	Against SSKL		Against directors	
	No. of cases	Aggregate amount involved in Rs. crore	No. of cases	Aggregate amount involved
Adjudication proceedings	Nil	Nil	1	Rs. 0.50 crore is the sum involved in the alleged contravention maximum penalty is Rs.1.51 crore
Revenue Proceedings	1	0.09	Nil	Nil
IT Proceedings	1	0.39	Nil	Nil
Company law board*	2	Monetary claim not ascertainable	Nil	Nil

*for having entered into certain related party contracts without obtaining prior approval of Central Government
(Source: DRHP, Company)

Adjudication proceedings against Managing Director: Mr. Chalavadi Naga Kanaka Durga Prasad, Chairman and Managing Director of the Company has received summons from Deputy Director, Directorate of Enforcement, Hyderabad ("Adjudicating Authority") Directorate of Enforcement, GOI, Hyderabad in his personal capacity (under Section 37 of FEMA read with Section 131 of the Income Tax Act, 1961) for having contravened the provisions of section 3(b) of FEMA by making cash payments aggregating to Rs.0.50 crore during the period March 2002 to January 2003 to his friend in lieu of NRE cheques/ US dollars.

A maximum monetary penalty of Rs.1.51 crore i.e. up to thrice the sum involved in the alleged contravention can be imposed by the Adjudicating Authority. Further in addition to the penalty so imposed by the Adjudicating Authority, the Authority may also, if it deems fit, direct that any currency, security, other money, property, etc. in respect of which the contravention has taken place be confiscated to Central Government and further direct that foreign holdings, if any, held by Mr. Prasad be brought back into India or retained outside India.

Present status of case: Still pending before the Adjudicating Authority.

January 2013

ICRA Limited

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