DRAFT RED HERRING PROSPECTUS
Dated: May 27, 2011
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 Sai Silks on August 10, 2005 and the name of the firm was changed to 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 121 of this Draft 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 ₹ 10200.00 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 TWO (2) 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 Bombay Stock Exchange Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("**BRLMs**") and at the terminals of the other members of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein upto 50% 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 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Qualified Institutional Buyers and Non-Institutional Investors shall participate in this Issue only through Application Supported by Blocked Amount ("ASBA") process and Retail Individual Investors may do so. All the Bidders shall provide details about the bank account, which will be blocked by the Self Certified Syndicate Bank ("SCSB") for the same. For details, see section titled "Issue Procedure" on page no 215 of this Draft 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 68 of this Draft 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 [●] as [●], indicating [●]. 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", "Other Regulatory and Statutory Disclosures" on page nos 41 and 198 of this Draft 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page no 14 of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft 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 Draft 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 DRHP as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares 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 [●] and [●], 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/Ms. Nidhi Shah 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. Harish Patel 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: INR 000001385

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON	[●]	BID/ISSUE CLOSES ON	[●]

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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 137 of this Draft 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
AY	Assessment Year
BSE	The Bombay Stock Exchange Limited
BPLR	Benchmark prime lending rate of the relevant bank
CAGR	Compounded Annual Growth Rate
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
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
ECS / NECS	Electronic Clearing Service / National Electronic Clearing System

Term	Description
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	The Foreign Investment Promotion 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	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
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
NOC	No Objection Certificate
NEFT	National Electronic Fund Transfer
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
PBT	Profit Before Tax
PIO	Persons of Indian Origin
RBI	The Reserve Bank of India

Term	Description
RBI Act	The Reserve Bank of India Act, 1934
RONW	Return on Net Worth
Re.	One Indian Rupee, the official currency of the Republic of India
RoC	The Registrar of Companies, Andhra Pradesh
Rs. / ₹	Indian Rupees, 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, 1997, as amended from time to time
Sec.	Section
SIA	Secretariat for Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act
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 to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Bid cum Application Form or ASBA BCAF	The form, whether physical or electronic, used by an ASBA Bidder to make an offer to subscribe our Equity Shares and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and Prospectus
ASBA Bidder	QIB's, Non-institutional Bidders and any Retail Individual Bidder who intends to apply through ASBA
ASBA Bid Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid

Term	Description
	Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
ASBA Public Issue Account	A bank account of the Company opened under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Bidders on the Designated Date
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 242 of this Draft 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 or ASBA Bid cum Application Form, as the case may be, 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 cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe for or purchase 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
Bid/Issue Closing Date	The date after which the Syndicate / Sub-Syndicate Members / SCSBs 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 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.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid cum Application Form and ASBA 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.
Controlling Branches	Such branches of the SCSB which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchanges and a list of which is available on http://www.sebi.gov.in
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.
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 ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account to the Public

Term	Description
	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	Bombay Stock Exchange Limited (BSE)
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus	This draft red herring prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the number of Equity Shares and the 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 Draft Red Herring Prospectus constitutes an invitation to subscribe 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 [●].
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form or the ASBA Bid cum Application 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 ₹ 10200.00 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 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 15% of the Issue and comprising 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

Term	Description
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
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 two 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
QIB Portion	The portion of the Issue being upto 50% of the Issue, comprising of [●] Equity Shares of ₹ 10 each to be allotted to QIBs on a proportionate basis at the Issue Price
Qualified Institutional Buyers or QIBs	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 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."
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 [●]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through NECS, Direct Credit, NEFT or the ASBA process, 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 35% 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)
Red Herring Prospectus	The red herring prospectus to be issued in accordance with Section 60B of the Companies Act, which does not have complete particulars 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

Term	Description
	Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
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
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate ASBA	The Syndicate Members / Sub-syndictae 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 Agreement	Agreement to be entered into between the Members of Syndicate and our Company in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders)
Syndicate ASBA Centres	Centres established by the Escrow Collection Banks at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat, and such other centres as may be prescribed by SEBI from time to time, wherein, pursuant to the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011, ASBA Bidders are permitted to submit their Bids to the Syndicate/sub-Syndicate Members.
Syndicate Member(s)	[●]
TRS / Transaction Registration Slip	The slip or document issued by the Syndicate or Syndicate ASBA / 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 members of the Syndicate and our Company to be entered into on or after the Pricing Date
Vivro	VivroFinancial Services Private Limited
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
GATT	General Agreement on Tariff and Trade
GBI	Grid Base 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
ICBC	Industrial and Commercial Bank of China
ICEX	Indian Commodity Exchange Ltd
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
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 Draft 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" 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 Draft 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 Draft 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, 2006, March 31, 2007, 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 and for the period ended December 31, 2010 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 Draft 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 Draft Red Herring Prospectus should accordingly be limited.

In this Draft 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft 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 the 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 Draft Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

This Draft 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”, “shall”, “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 of Financial Condition and Results of Operations” on page nos 14 and 177 of this Draft 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 Draft 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 "Our Business" and "Management's Discussion of Financial Condition and Results of Operations" on page nos 97 and 177 of this Draft Red Herring Prospectus as well as the other financial and statistical information contained in the Draft 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, Promoters/Directors and Group Entities are involved in certain legal proceedings and may incur certain liabilities if the cases are decided against them.**

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

The proceedings involving the Company, the Group Companies and their Directors are pending before different authorities and at different levels of adjudication, details whereof are as under:

Involving the Company

(₹ In Lakhs)

Nature of proceeding	Number of cases	Approximate Amount Involved
Motor Vehicles Claim	1	NIL*
Writ Petition	1	Monetary claim not ascertainable
IT Proceedings – AY 2008-09	1	0.22
IT Proceedings – AY 2009-10	1	Monetary claim not ascertainable
CLB proceedings	1	Monetary claim not ascertainable
Revenue Proceedings	1	9.04

***** *The matter having been settled by the Lok Adalat's directing the insurance company to pay the compensation amount.*

Involving the Company's Promoters/ Directors

(₹ In Lakhs)

Name of Director (S)	Nature of Proceeding	Number of Cases	Approximate Amount involved
Mr. Chalavadi Naga Kanaka Durga Prasad	Investigation by Enforcement Directorate	1	Monetary claim not ascertainable

Ms. Anita Sakuru	U/s. 138 of NI Act r/w. Sec. 420, Sec. 120B, & Sec. 347 of Indian Penal Code*	2	100

*Both the complaints have been filed by Ms. Anita Sakuru against different parties.

Involving the Group Entities

(₹ In Lakhs)

Group Entity	Nature of proceeding	Number of cases	Approximate Amount Involved
Sai Swarnamandir Jewellers Pvt. Ltd.	U/s 420, Sec.120B r/w. Sec. 34 of Indian Penal Code & U/s. 138 of NI Act	1	70*

** Includes the financial liability that may be levied against Mr. M. Prakash, the then Managing Director of SSJPL who is also one of the accused in the matter.*

The amounts claimed/ involved in these proceedings have been disclosed to the extent ascertainable, and include amounts claimed jointly and severally from the Company / its Directors. The aggregate maximum amount of liability that the Company may incur if all the cases were to go against it would be about ₹ 9.26 lakhs.

For further details of outstanding litigation pending against the Company its Promoters/ Directors and Group Entities, please refer section titled ”Outstanding Litigation and Material Developments” beginning on page 191 of this Draft Red Herring Prospectus.

2. **Our Promoter has received summons in connection with an investigation being carried out by the Enforcement Directorate, GOI, Hyderabad and any adverse finding may affect the image and reputation of the Company.**

   Mr. Chalavadi Naga Kanaka Durga Prasad, Chairman and Managing Director of the Company has received summons (under Section 37 of FEMA read with Section 131 of the Income Tax Act, 1961) in connection with an investigation being carried out by the Assistant Director, Directorate of Enforcement, GOI, Hyderabad under the provisions of FEMA. He has received summons on several occasions during the period 03.01.2008 to 30.04.2009 from the Enforcement Directorate, directing him to appear before the said authorities along with the relevant documents/information such as his passport, bank account statements, property details, business details and Income Tax Returns for the last 5 years. He has appeared before the Assistant Director, Directorate of Enforcement on 07.05.2009 and has submitted the relevant information as sought by the said authority. The said matter is still pending with the said Assistant Directorate. Any adverse finding may affect the image and reputation of the Promoter as well as the Company.

   For further details, please refer to section titled “Outstanding Litigations and Material Developments” beginning on Page 191 of this Draft 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 of ₹ 5469.85 Lakhs form the existing bankers. 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 60 of this Draft Red Herring Prospectus.

4. **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
	Ms. 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 50 of the DRHP.

5. **Our Company has failed to generate positive cash flows from its operating activity, investing activity and financing activity for the financial year 2005-06 to 2009-10 and for the period ended December 31, 2010.**

We had negative cash flows from operating activity and investing activity during financial year 2005-06 to 2009-10 and for the period ended December 31, 2010, as indicated in the table below:

(₹In Lakhs)

Particulars	Dec 31, 2010	2009-10	For Period July 3, 2008 to March 31, 2009	For Period April 1, 2008 to July2, 2008	2007-08	2006-07	2005-06
Net Cash Flow from Operating Activities	(152.41)	1007.83	(2183.06)	(185.40)	(648.20)	(792.97)	(251.65)
Net Cash Flow from Investing Activities	(287.49)	(10.04)	(547.54)	(50.24)	(581.28)	(216.37)	(103.18)
Net Cash Flow from Financing Activities	428.84	(951.55)	2659.63	75.61	1514.58	993.84	376.02

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.

6. **We have entered into certain related party transactions and there is no assurance that we may not continue to do so in future which may have an adverse effect on the Company’s financial condition and results of operations.**

We have entered into a number of related party transactions. The aggregate amount of related party transaction for the period ended December 31, 2010 is ₹ 16713.90 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 173 of this DRHP.

7. **The Company has given a corporate guarantee in violation of Section 295 of the Companies Act, 1956 and any adverse order in this regard may affect the Company's business prospects.**

As per Section 295 of the Companies Act, 1956 a public company is required to obtain prior approval of the Central Government before extending any loan/corporate guarantee to its directors or entities in which such directors are interested.

The Company has given 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 one of the directors of the Company is interested, without obtaining prior approval of the Central Government. Failure to obtain such approval could result in appropriate action being initiated by the Registrar of Companies which may include fine of up to ₹ 50,000 for the Company and its group entity and/or simple imprisonment extending up to six months for every person who has knowingly been a party to the contravention of the provisions of the said section. 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 affect the business prospects of the Company.

8. **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 97 and 137, respectively and Annexure 17 titled *'Statement of Related Party Transactions'* beginning on page no 173 of this Draft Red Herring Prospectus.

9. **The Company may face legal consequences for certain approvals procured / agreements entered into in relation to wind power business pending amendment of Objects Clause of Memorandum of Association.**

Pending amendment of Objects 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, the company had pursuant to board resolution dated August 4, 2010 taken effective steps viz. entered into certain agreements including financing agreements, project related agreements including placing purchase / work orders with Shriram EPC Ltd. on 11.08.2010 for an aggregate amount of₹ 1120 Lakhs and an agreement with NEDCAP on August 17, 2010 for setting up and commissioning of its 2MW wind power plant at Kurnool, Aandhra Pradesh on the terms and conditions contained therein.

Since the Company has procured certain approvals/ entered into agreements prior to February 17, 2011 (date of amendment of Memorandum of Association), such approvals/ agreements may give rise to legal implications which in turn may cause material adverse effect on the Company's financials and operations.

10. **The Company may not be able to commission its wind power activity before the stipulated period thereby exposing itself to the consequences of breach of conditions stipulated by the authorities**

Non-Conventional Energy Development Corporation of A.P. ("NEDCAP") has vide its letter dated 16.08.2010 accorded its permission to the Company to set up and commission a 2MW Wind Power Activity at Kondamedapally, Kurnool, Andhra Pradesh for which purpose the Company has subsequently entered into an agreement dated 17.09.2010 ("Agreement") with NEDCAP to set out the terms and conditions of their understanding. One of the conditions of the Agreement is that the Project must be commissioned on or before 31.03.2011. The Company has engaged Shriram EPC Ltd. to construct and set up the Wind Farm Power on turnkey basis within the stipulated period. The Company has received certificate from NEDCAP for commissioning 1 MW wind power capacity on 31.03.2011 and is in the process of commission the remaining

1MW wind power capacity shortly. Since, the Company has not been able to commission the remaining 1 MW wind power activity within the stipulated period; it may be exposed to the consequences of committing breach of the said condition stipulated by NEDCAP. Any action by NEDCAP for the aforesaid breach of condition may have an adverse impact on the Wind Power Activity and in turn on the Company's future plans.

11. **The 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, the 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 the 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. There cannot be any assurance that the relevant authorities will issue such permits / approvals to the 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 the 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 194 of this Draft Red Herring Prospectus.

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

    The 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 the 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, the Company defaults in fulfilling its obligations under its PPA with APSEB or under any other PPA that the 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 the Company sells power may have little or no relationship to its cost of supplying power. In PPAs with government entities, the Company may also face difficulties in enforcing the payment provisions, as compared to PPAs that the Company may have with the private entities.

13. **The Trademark is not registered in the name of the company. Our inability or failure to get ourselves registered as a Registered User or renew Registered User Licence Agreement will have significant impact on our business.**

    Since the Company's products (mostly sarees) differ in quality, colour, designs, patterns, etc. from other competing products in the market, the Company has been marketing its products under the brand name "Kalamandir". The trade mark "KALAMANDIR" (No. 1384933) under Class 24 is registered in the name of the Company's Promoter, Ms. Jhansi Durga Prasad but the Company has been using this trade mark with the Promoter's permission as per the terms of Licence cum User Agreement dated 01.10.2005. In order to enable the Company to use the said trade mark as a Registered User, the Promoter has agreed to enter into a fresh agreement on the conditions inter alia that the 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 the Promoter is a related party transaction, the Company has initiated necessary steps for seeking approval from the Central Government to the said arrangement. Thereafter, the Company will apply to the Trade Mark Registry for using the said trade mark as a Registered User. In the event the Company is unable to get itself registered as the Registered User of the said trade mark or the Registered User Licence Agreement is terminated or not renewed, the Company may not be able to use the said trade mark as the Registered User.

    In addition to the above, the Company has made in aggregate 13 applications to the Trade Marks Registry, Chennai to get its trademarks "ONLY SILK", "FASHION", "MANDIR" and "KALAMANDIR" registered under the Trade Marks Act under different Classes. However, until its name is entered on the trademark register, the 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, the 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/ Licensing Arrangements" beginning on page 194 of this Draft Red Herring Prospectus.

14. 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 Balance Sheet for the period ended on December 31, 2010, contingent liabilities of our Company are as follows:

(₹ In Lakhs)

Sr.No.	Particulars	31.12.2010
1.	**Income Tax**	
	Assessment Year 2008-09	0.22
	Assessment Year 2009-10	Monetary claim not ascertainable
2.	**Corporate Guarantee to SSJPL**	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 191 of this DRHP

15. 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 ₹ 5086.06 Lakhs 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 188 of this DRHP.

16. 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.

The company believes that its success depends on its continued ability to retain and attract skilled and experienced executive personnel. While the 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.

17. There can be delay in the setting up of the Retail Outlets for which ₹ 2179.52 lakhs have been earmarked in this Issue. This may affect our financial condition and result of operations.

We have plans of setting up 5 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 except for the outlet at Chikpet, Bengaluru. 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 60 of this Draft Red Herring Prospectus..

18. 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 ₹ 783.03 Lakhs for brand promotion. For details please refer to chapter "Objects of the Issue" on page no 60 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.

19. 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.

20. Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised.

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 rents and deposits for the lease/licence arrangements for our retail outlets and the cost towards holding the inventory 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 project 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 impact.

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

The 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 franchisee or other contractual basis, which may or may not be renewed. The termination of the leases or rental or franchisee or revenue sharing arrangements whether due to any breach or otherwise, or non-renewal thereof, could temporarily disrupt the Company's functioning and thus affect its business, operations and profitability.

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 97 of this Draft Red Herring Prospectus.

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

Banks have sanctioned loans to the 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 the 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. The 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.

23. 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.

24. 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.

25. 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.

26. 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.

27. 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 if 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.

28. 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.

29. 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.

30. 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.

31. 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.

32. 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 the 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 the Company operates its retail outlets), the possession of the Company to such retail outlets may be adversely affected. Further, the lease deeds with respect to these certain premises do not permit the lessees (the Company's landlords) to transfer or part with possession or sub-let, in full or part, of the premises. The carrying of activities by the Company in these premises may be construed as violation of the original lease deed entered into between the lessees (the Company's landlords) and the lessors and if terminated may result in termination of the 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 the Company from moving its outlets without any financial losses, in case there are events or circumstances that impede the Company's profitability at a particular location. Any such event and such restrictive covenants in the lease agreements affects the Company's ability to move the location of its outlets and may adversely affect its business, financial condition and results of operations.

For further details relating to the Company's retail outlets and other premises, please refer to the section "Properties" in the Chapter "Our Business" on page 97 of this Draft Red Herring Prospectus.

33. Some of retail outlets of the Company from where it operates may have certain irregularities, as a result of which its operations may be temporarily disrupted.

The Company has entered into lease or rental / contractual arrangements for its retail outlets and some of the buildings in which the Company's retail outlets are housed, may not have been constructed / developed as per the local laws and statutory requirements.

In addition, some of the agreements for such arrangements may not have been duly stamped or registered with the concerned authorities. The 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, which may temporarily disrupt its operations and adversely affect its financials.

For further details relating to the Company's properties, please refer to the section "Properties" in the Chapter "Business Overview" on page 97 of this Draft Red Herring Prospectus.

34. 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.

35. 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.

36. 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.

37. 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.

38. Sales at a particular retail outlet may not be comparable to and indicative of sales at other trtail 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 the company. In addition, even after the initial period there can be no assurance that a new outlet will necessarily contribute overall profitability of the company.

39. 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.

40. 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.

The Company has obtained various insurance policies covering stocks, furniture, and vehicles etc. for total sum insuredaggregating to approximately ₹19200.18 lakhs. It is believed that the 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 the Company's assets. While it is believed that the policies the 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 the Company suffers loss or damage for events for which it is not insured or for which its insurance is inadequate, the loss would have to be borne by the Company, and, consequently, the results of its operations and financial condition could be adversely affected.

For further information on the insurance policies maintained by the Company, please refer to section "Insurance Policies" in the Chapter "Business Overview" on page 97 of this Draft Red Herring Prospectus.

41. 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

42. 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.

43. 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.

44. 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

45. 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.

46. 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.

47. 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.

48. 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.

49. 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 DRHP.

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 upto ₹ 10,200.00 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 of our Company was ₹ 3287.27 lakhs as per our restated audited financial statements as on December 31, 2010.

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

Promoter	Average cost (₹)
Mr. Chalavadi Naga Kanaka Durga Prasad	25.96
Ms. 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 December 31, 2010 was ₹ 16.44.

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

7. Other than details stated under the head "Capital Structure" beginning on page no 50 of this DRHP, our company has not issued any shares for consideration other than cash.

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 51 of this DRHP.

10. There were no transactions in the securities of Company during preceeding 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 146 of this DRHP.

12. Our company has entered in to Related Party Transaction aggregating to ₹ 15295.70 Lakhs for the financial year ended March 31, 2010 and ₹ 16713.90 Lakhs for the period ended December 31, 2010 respectively as per restated audited financial statements For details related to such transactions refer to section titled 'Financial Statements'- Related Party Transactions beginning on page no 173 of this DRHP.

13. For details of Contingent Liabilities please refer the Chapter "Annexure-19-Financial Statements" on page no 176 of this DRHP.

14. Investors are advised to refer to the paragraph on “Basis for Issue Price” on page no 68 of this DRHP 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 50 of this Draft 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 upto 50% 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 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

17. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled “Issue Procedure” on page no 215 of this DRHP.

18. Under-subscription in the Issue, if any, in any category will be met by spill over from other categories at the discretion of the Company in consultation with the BRLMs. 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 242 of this DRHP.

21. Our Company and the BRLMs will update the DRHP 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 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

Indian Textile Industry

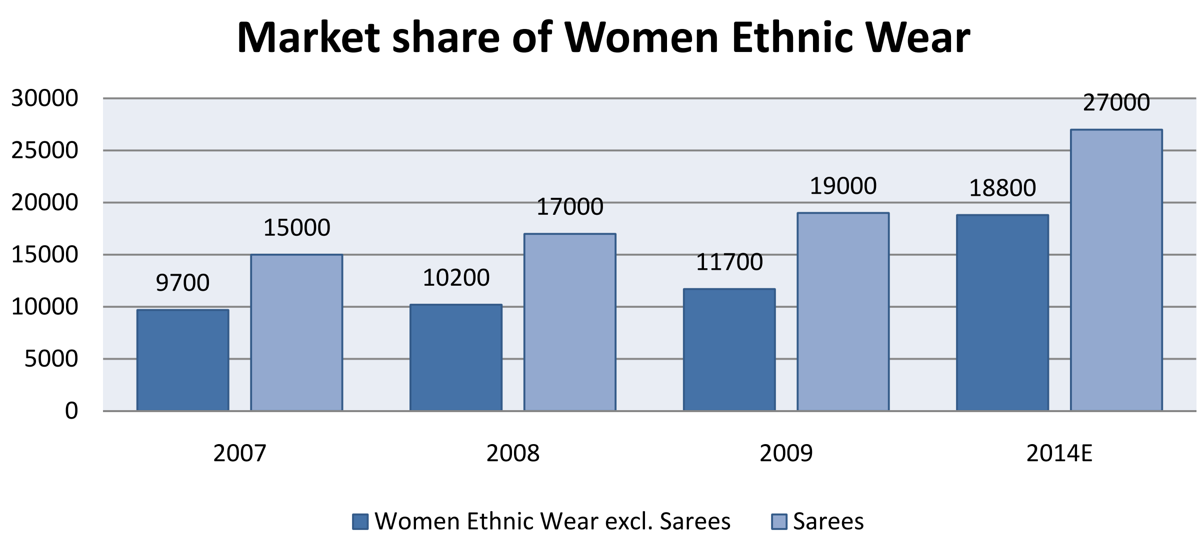
The Indian textile industry contributes about 14% to industrial production, 4 per cent to the country's gross domestic product (GDP) and 17% to the country's export earnings, according to the Annual Report 2009-10 of the Ministry of Textiles. The industry provides direct employment to over 35 million people and is the second largest provider of employment after agriculture.

According to the Ministry of Textiles, the total cloth production increased by 10.25% during September, 2010 as compared to September, 2009 The highest growth was observed in the power loom sector (13.2%), followed by hosiery sector (9.1%).

As per the Index of Industrial Production (IIP) data released by the Central Statistical Organisation (CSO), cotton textiles has registered a growth of 8.2% during April-September 2010-11, while wool, silk and man-made fibre textiles have registered a growth of 2.2% while textile products including wearing apparel have registered a growth of 3%.
(Source: www.ibef.com)

WOMEN'S ETHNIC WEAR MARKET

With the mounting western influence in this globalised era, the apparel and accessory segment in India, like many other traditional product segments, is undergoing an astounding change of perception. In today's world, though the Western culture has a huge impact on the Indian clothing, but many designers from the industry has ensured that the 'Indian wear' holds its popularity throughout by making it look trendy, glamorous at the same time elegant and comfortable. This has helped India in emerging as a market destination for fashion apparel retailers.



All figures in ₹crore
Source: Technopak Analysis

The current market share of sarees and ethnic wear stands at ₹ 31,000 crore and is projected to grow at 10 per cent to reach ₹45,000 crore in 2014. Fashion in India has now become an important sales driver in India, brands and designers are scrambling in to adjust their designs to cater to the demand of the Indian market. As a result of the same, major brands are using traditional weaves and fabrics to create the fusion of western and Indian patterns and designs.

Growth Drivers

Traditional ethnic wear in India comprises primarily of sarees and salwar kameez and dupatta (SKD) and other regional attire. There are a number of factors that act as a catalyst for the growth of ethnic wear.

Increasing female workforce

In the era of 21st century, education has spread throughout the world and so in India. This has resulted in an increase in the number of educated women which in turn has increased the female workforce. The majority of India's female workforce still prefers to wear the traditional Indian SKD to work. This boom in the service industry has resulted in an increase in the size of the female workforce from 5 million in 2001 to 7–10 million in 2010. Therefore, the size of the market for women's Indian wear has increased and is likely to do so in the future as well.

Personalised designs and styles

In comparison to the western wear, the Indian wear still gives a lot of flexibility in terms of getting personalized designs, cuts and styles made. Majorly the western wear falls in the ready to wear category and the designs and styles are restricted to the available stock with the shopkeepers whereas the Indian ethnic wear is generally tuned to one's preference specifically design sensibility and fitting.

Traditional occasions and festivals

Traditional occasions like marriages, family functions and festivals are the part of life of an Indian family. On such occasions, Indian wear is still the most preferred choice for most of the women. Majority of women still has a large collection of ethnic wear in their wardrobe for various occasions. The purchasing power and the willingness to spend have played a big role in increasing the varied collection in the wardrobe of Indian women giving her a flavour of different traditional and contemporary designs.

Current Market Scenario

The current Indian ethnic wear market is highly unorganized with a few branded players operating primarily in metropolitan cities. The organised sector has players like W, Biba, Fabindia, Tacfab, Hakoba, Prafful, Vipul, etc. catering to the low to mid segment. Satya Paul, Anokhi, Meena Bazaar, CTC cater to the premium and super premium segment.

The Indian sarees have never lost its grace, beauty and elegance. This beautiful fashion attire has spanned ages in India, and still exists as the quintessential element in every Indian woman's wardrobe. The saree in India has constantly changed in looks, designs, styles and fabrics from generation to generation. These sarees are adorned with various embellishments like mirror work, zari, embroidery, zardosi, kundan, pearl work, etc. Inspite of the above modern works, the traditional regional sarees like bandhej, banarasi, patola, kanjeevaram, kantha, phulkari, chikan, etc. are still popular.

Very popular and widespread Indian attire is the salwar kameez. The changing face of SKD is perhaps the biggest success of this category through the fusion of fabrics, prints, styling and fits. More and more women prefer to wear the Salwar kameez because it is more convenient. This has given boost to the Indian salwar kameez industry too.

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 by Government of India and has created a data base which includes resource assessment, research of development, creation of awareness and development of infrastructural facilities for manufacturing and also provided policy support. It was estimated by Government of India that there is a potential of 45000 MW in our Country and so far 11807 MW capacities of projects as on 31.03.2010 was established in the country.

Potential in Andhra Pradesh

Andhra Pradesh is one of the few states blessed with huge potential for Energy Generation. As per the estimates by MNES, the gross potential is estimated to be 8,968 MW and out of which the estimated technical potential is 2,110 MW. So far about 120 MW capacities of projects have been established in the state of Andhra Pradesh. Most of the wind power projects are established in Anantapur Dist. of the State. In order to encourage, the development of wind power projects, the Govt. of India is providing certain fiscal incentives to the promoters. The generation of electricity from wind has emerged the viable renewable energy option with increased applications. It is environmentally benign and does no emit greenhouse gases. Government of Andhra Pradesh (GOAP) has announced certain incentives with a view to promote renewable energy in Andhra Pradesh. The Govt. of Andhra Pradesh announced ₹3.50/kwh for developing wind Power Projects in private sector and the same was notified by the APERC.

Further, the Govt. made applicable policy for a period of 10 years and the validity of a PPA is for a period of 20 years. The Govt. is committed to promote non-polluting sources of energy and for development of wind power in AP. The government of India announced Grid based incentive (GBI) of ₹ 0.50 per Kwh as incentive in addition to the tariff announced by APERC in order to promote wind power projects in the country.

Non Conventional Energy Development Corporation of A.P. Ltd (NEDCAP), the Nodal Agency in A.P. has taken up wind mapping and wind monitoring projects with the support of MNRE, Govt. of India, Delhi and C-WET, Chennai to identify windy sites. Andhra Pradesh is one of the States in the country having windy sites suitable for setting up of wind power projects.

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, according to a report 'Indian Gems and Jewellery Market Forecast to 2013', by RNCOS.

As per the credit rating agency Crisil, the diamond industry in India is predicted to remain stable during 2010-11 due to improved prices and steady demand.

Gems and jewellery exports from India is expected to grow by 30-35 per cent in 2010-11, according to the Gem and Jewellery Export Promotion Council (GJEPC), on the back of revival in demand in the international markets.

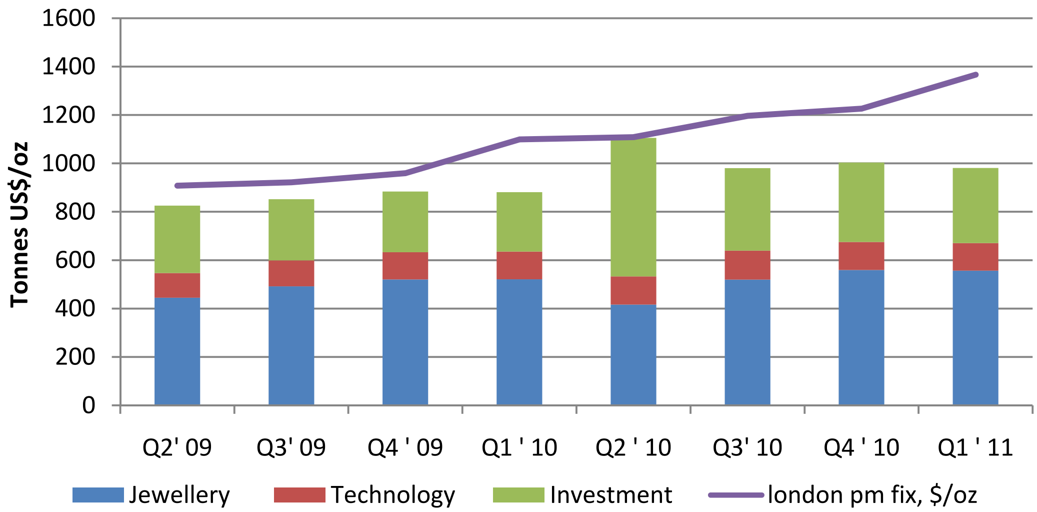
Industry Structure

Although, the market is highly dominated by the unorganised players, with increase in consumer income and economic prosperity, the future of organised retail in India is very bright.

Overview:

Gold demand in the first quarter of 2011 totalled 981.3 tonnes, equivalent to US $43.7bn in value terms. Much of the 11% year on year increase in tonnage demand was the result of strong growth in investment demand. Demand for physical bars and coins was up 52% year-on-year, at 366.4 tonnes. In value terms, this represented a near-doubling of demand from US $ 8.6bn in Q1 2010 to US$16.3bn.

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



Note: investment includes bars and coins; medals/imitation coins; and ETF and similar products.
(Source: GFMS, LBMA)

Although the average Q1 gold price increased by 25% year-on year, gold experiences a price consolidation n the early part of the quarter. The US dollar price corrected back to as low as US$ 1,319.00-Oz on 28 January (all price refer to London PM Fix unless otherwise specified). However it climbed to record high throughout March and continues to achieve new highs in April and May.

The price drop early Q1 generated a mix response among investors in ETFs and similar products. Notably, ETFs listed in US & UK markets experienced net redemption during the quarter. In most of the markets, however, ETFs experienced net inflows, with investors using the lower prices as an opportunity to add to their positions. Demand for ETFs and similar products in India are suggestive of a rising trend, reinforced by the launch of new gold mutual funds (which tend to be easier for Indian investors to access) during the quarter.

Investment demand for gold bars and coins was driven by: a dip in prices in January; high inflation in a number of countries; concern over euro area credit worthiness; unrest in the Middle East and Northern Africa. We believe conditions remain such that investment demand will continue to draw strength from these factors. Ongoing problems in Europe, highlighted by the recent S&P downgrade of credit ratings for both Greece and Portugal, are keeping the spotlight on regional sovereign debt concerns. Additionally, the central banks of both India and China have raised interest rates to combat persistent high inflation, while Middle Eastern tensions continue.

India and China continue to act as the main engines of growth, accounting for 63% of total Q1 gold jewellery demand. The jewellery sector saw a steady rise during the first quarter of 2011, with demand of 556.9 tonnes 7% higher than the same period in 2010. China's jewellery demand jumped 21% year-on-year to a new quarterly record of 142.9 tonnes, while Indian jewellery demand rose 12% during the corresponding period to 206.2 tonnes.

The Road Ahead

The Gems and Jewellery Export Promotion Council has initiated IIJS Signature to promote India as the preferred source for jewellery and eventually build brand 'India'. Signature was conceptualised to showcase India's ability to produce quality jewellery that will match the lifestyle trends world over.

Further, the All India Gems & Jewellery Trade Federation (GJF) recently held the first of its kind leadership summit for the jewellery industry in an effort to corporatise the ways of working and streamlining policies.
(Source: www.ibef.org)

SUMMARY OF OUR BUSINESS

We are majorly in the business of retailing of sarees under the brand name of "Kalamandir". We have a network of 12 retail outlets spread across South India.

We started as a retailer of sarees in Hyderabad in August 2005. As on the date, we operate 12 retail outlets and these outlets are cumulatively spread over in more than 97,621 square feet.

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

- Sarees
- Women's dress materials
- 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 ₹2,00,000.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, 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 jewellery in our retail outlets under franchise model. For this our company had entered into two franchise arrangements, one for Hyderabad Retail Outlets and another for Bengaluru Retail Outlets with Tanmai Jewellers Private Limited and Sai Swarnamandir Jewellers Private Limited on April 1, 2008 and April 1, 2009 respectively. Presently, we only have franchise arrangement with Sai Swarnamandir Jewellers Private Limited for display and sale of their gold jewellery in through retail outlets located at Jayanagar and Malleshwaram, both in Bengaluru.

Our company was set up as a Partnership Firm vide Deed of Partnership entered between Mr. Chalavadi Naga Kanaka Durga Prasad and Ms. 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 Chalavadi Jhansi Rani. They are founder promoters of our company and have extensive experience in the garment 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
Ready made 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

Jewellery Business

To provide ease and comfort of shopping and one-stop shopping experience to our customer especially for weddings, our company has entered into retailing of jewellery business through Franchisee Arrangement with its group concern Sai Swarnamandir Jewellers Private Limited ("SSJPL") vide agreement dated April 1, 2009.

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 an estimated project cost of ₹ 1120 lakhs.

As a first step in this regard, our Company engaged Shriram EPC Ltd., Chennai, as EPC Contractor, to set up the wind power project 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 order with Shriram EPC Ltd on August 11, 2010. Shriram EPC Ltd. shall 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 obtained allotment of Wind Farm Power project 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 4 MW capacity wind farm project for the purpose of generation of wind power. Shriram EPC Ltd. has obtained necessary approvals required to set up the Wind Farm Power Project from NEDCAP.

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 vide its letter no. NEDCAP/WE/4694/2010 dated August 16, 2010. Our Company entered into an agreement with NEDCAP on August 17, 2010 for setting up the said Wind Farm Power Project at Kondamedapally, Kurnool District, Andhra Pradesh.

In order to make financial arrangements for the proposed project, our Company approached SBI, which sanctioned a term loan of ₹ 7.84 Crores, vide its sanction letter dated September 2, 2010.

Shriram EPC Ltd. has commenced the implementation of the Wind Farm Power Project and has completed the installation and commissioning of 4 WEGs out of the said 8 WEGs by March 31, 2011. The remaining 4 WEGs are expected to be commissioned shortly. A Power Purchase Agreement (PPA) dated March 31, 2011 with Andhra Pradesh Central Power Distribution Company Limited (APCPDCL) has been executed and formal commissioning approval for 1MW wind power generation has been obtained on April 6, 2011.

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 May 16, 2011 in the section titled "Financial Statements" beginning on page no 146 of this Draft 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, 2006, 2007, 2008,for the periods 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 and for the period ended December 31, 2010 including the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page no 177 of this Draft Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹In Lakhs)

Particulars	31.03.2006	31.03.2007	31.03.2008	2.07.2008*	31.03.2009*	31.03.2010	Period Ended Dec.2010
Fixed Assets							
Gross block	114.48	387.02	1117.48	1168.51	1783.59	1863.14	2147.46
Less: Depreciation	2.42	16.96	54.13	76.40	147.95	264.26	362.68
NET BLOCK	112.06	370.06	1063.35	1092.11	1635.64	1598.88	1784.77
Capital Work-in-Progress	0.00	0.00	0.00	0.00	0.00	1.39	76.77
TOTAL- FIXED ASSETS (A)	**112.06**	**370.06**	**1063.35**	**1092.11**	**1635.64**	**1600.27**	**1861.54**
Investments (B)	**-**	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**-**
Current Assets, Loans and Advances:							
Inventories	513.95	1646.74	2359.88	3592.31	5642.47	5227.35	7951.20
Receivables	14.20	86.13	156.21	163.47	454.24	402.13	253.48
Cash and bank	21.19	5.66	290.78	130.73	59.77	106.05	95.02
Loans and advances	120.11	229.48	73.07	529.04	101.39	105.65	463.31
Other Current Assets	198.56	372.34	572.21	668.86	457.90	450.65	725.56
TOTAL(C)	**868.01**	**2340.34**	**3452.13**	**5084.41**	**6715.77**	**6291.83**	**9488.57**
TOTAL ASSETS (A + B + C)	**980.07**	**2713.40**	**4518.48**	**6179.52**	**8354.41**	**7895.10**	**11350.11**
Liabilities and provisions							
Secured loans	15.49	704.36	1858.47	2330.28	4587.39	4179.70	5086.06
Unsecured loans	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Current liabilities & Provisions	592.64	1236.45	1198.85	2611.20	1429.62	1083.93	2888.67
Deferred Tax Liability	2.08	9.11	12.48	4.91	46.20	72.94	88.00
TOTAL Liabilities (D)	**610.32**	**1950.04**	**3069.93**	**4946.51**	**6063.33**	**5336.68**	**8062.84**
Net worth (A+B+C-D)	**369.74**	**763.36**	**1448.56**	**1233.01**	**2291.07**	**2558.42**	**3287.27**
Represented by							
Equity Share Capital	369.74	763.36	1448.56	1147.65	2000.00	2000.00	2000.00
Share Application Money	-	-	-	-	-	-	100.00
TOTAL(A)	**369.74**	**763.36**	**1448.56**	**1147.65**	**2000.00**	**2000.00**	**2100.00**
Reserves and surplus	-	-	-	85.36	304.52	590.02	1224.80
Less: Revaluation Reserve	-	-	-	-	-	-	-
TOTAL(B)	**-**	**-**	**-**	**85.36**	**304.52**	**590.02**	**1224.80**

Less: Miscellaneous Expenditure (To the extent not written off)	-	-	-	-	13.45	31.60	37.53
TOTAL(C)	**-**	**-**	**-**	**-**	13.45	31.60	37.53
Net Worth (A+B-C)	**369.74**	**763.36**	**1448.56**	**1233.01**	**2291.07**	**2558.42**	**3287.27**

* 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.

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹In Lakhs)

Particulars	31.03. 2006	31.03. 2007	31.03. 2008	2.07. 2008*	31.03. 2009*	31.03. 2010	Period Ended Dec.2010
Income							
Sales of Products Manufactured	-	-	-	-	-	-	-
Sales of Products Traded	1098.10	3394.83	6477.05	4415.56	8306.73	19363.24	16724.61
Less Excise Duty	-	-	-	-	-	-	-
Net Sales	**1098.10**	**3394.83**	**6477.05**	**4415.56**	**8306.73**	**19363.24**	**16724.61**
Other Income	11.29	59.17	149.18	0.79	81.69	90.75	81.23
Profit On Sales Of Assets	-	-	-	-	-	-	-
Increase/(Decrease) in Inventories	513.95	1132.79	713.14	1232.43	2050.16	252.72	2723.85
TOTAL(A)	**1623.34**	**4586.79**	**7339.37**	**5648.78**	**10438.59**	**19706.71**	**19529.69**
Expenditure							
Purchase of Traded Goods	1440.42	3920.96	5583.46	4649.09	7170.87	15156.90	15253.89
Personnel Cost	53.93	178.34	270.46	168.47	328.28	406.20	371.64
Administration Expenses	77.54	227.76	445.67	284.22	808.11	1042.53	882.71
Selling and Distribution Expenses	31.62	126.46	608.86	294.75	1264.93	1094.18	1461.36
Loss on Sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.99
Obsolete, Damaged and Non-moving stock w/o	0.00	0.00	0.00	0.00	0.00	667.84	0.00
TOTAL(B)	**1603.51**	**4453.52**	**6908.44**	**5396.52**	**9572.19**	**18367.64**	**17970.58**
Profit Before Interest, Depreciation and Tax (A+B)	19.84	133.27	430.92	252.25	866.39	1339.06	1559.10
Depreciation	2.42	14.54	37.17	22.27	71.56	116.31	98.43
Profit Before Interest and Tax	17.42	118.73	393.75	229.99	794.83	1222.76	1460.68
Financial Charges	3.74	39.41	214.95	95.29	449.84	543.85	477.53
Profit after Interest and Before Tax	13.68	79.32	178.80	134.69	344.99	678.91	983.15
Preliminary Expenses & Def. Exp. W/o	0.00	0.00	0.00	0.00	0.71	1.70	5.10
Profit before Taxation	13.68	79.32	178.80	134.69	344.28	677.21	978.05
Provision for Income Tax	3.83	18.49	58.20	53.35	75.74	180.51	300.68
Provision for Deferred Tax	2.08	7.03	3.37	(7.57)	41.29	26.74	15.06
Provision for FBT	2.19	4.57	7.46	3.55	8.10	0.00	0.00
Total	8.10	30.08	69.03	49.33	125.13	207.25	315.74
Profit After Tax but Before Extra ordinary Items	**5.58**	**49.24**	**109.78**	**85.36**	**219.16**	**469.95**	**662.31**
Extraordinary items							
Forex Loss on WCFTL Loan	0.00	0.00	0.00	0.00	0.00	31.50	0.00
Chit Loss	0.00	0.00	0.00	0.00	0.00	11.40	0.0
Interest on IT, FBT & Wealth Tax	0.00	0.00	0.00	0.00	0.00	24.56	27.53
Total	0.00	0.00	0.00	0.00	0.00	67.46	27.53

Net Profit after adjustments	**5.58**	**49.24**	**109.78**	**85.36**	**219.16**	**402.49**	**634.78**

* 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.

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 of aggregating to ₹ 10200.00 Lakhs
Of Which	
Qualified Institutional Buyers (QIB) Portion	Upto [●] Equity Shares of FV ₹ 10/- each, constituting not more than 50% of the Issue *(allocation on proportionate basis)* for cash at a price of ₹ [●] aggregating ₹ 5100.00 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 ₹ 255.00Lakhs
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 ₹ 4845.00 Lakhs
Non-Institutional Portion	Not Less than [●] Equity Shares of FV ₹ 10/- each, constituting not less than 15% of the Issue *(allocation on proportionate basis)* for cash at a price of ₹ [●] aggregating ₹ 1530.00 Lakhs
Retail 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 ₹ 3570.00 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 60 of this DRHP

** Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.*

GENERAL INFORMATION

Our Company was started as a Partnership firm under the name Sai Siks 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 121 of this Draft 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 No	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 8 Directors.

Name, Address, Age	Status	Designation	DIN
Mr. Chalavadi Naga Kanaka Durga Prasad Flat No. 6, Survey No. 87 & 90, Aparna Senor Valley, Shaikpet Village, Shaikpet, Hyderabad – 500 034. Age: 43	Executive & Non – Independent	Chairman & Managing Director	01929166
Mr. Chalavadi D K Durga Rao H 801 Springfeilds Apartments Opp HDFC Bank Bellandur Gate Sarjapur Road, Bengaluru -560102 Age: 41	Executive & Non – Independent	Whole-Time Director	02689280
Mr. Annam Kalyan Srinivas 1-11-220, Flat No.201, Chakkilam Residency, Road No.4, Gurumurthy Lane, Begumpet, Hyderabad – 500 016 Age: 36	Executive & Non – Independent	Whole time Director	02428313
Mr. Lodugu Balaram Reddy 310, Emeald Apartments, Panjagutta, Hyderabad - 500082 Age: 68	Non-executive and Independent	Additional Director	00956445
Mr. Naveen Nandigam H No. 1-3-183/40/21/E, Plot No. 9, P and T colony, Kavadiguda, Gandhi Nagar. Hyderabad - 500080 Age: 49	Non-executive and Independent	Additional Director	02726620
Mr. Jineshwar Kumar Sankhala Flat No-306, Chandra Apartments, SBI Colony, Gandhi Nagar, Near Axis Bank ATM, Hyderabad - 500080 Age: 29	Non-executive and Independent	Alternate Director to Mr. Laxminivas Jaju	03519040
Ms. Anita Sakuru Plot No. B-35, Road No. 7and 10, Film Nagar, Jubilee Hills, Hyderabad -500033. Age: 41	Non-executive and Independent	Independent Director	00475947
Mr. Laxminivas Jaju 20-2-12, Old Kabutar Khana, Hussaini Alam, Hyderabad – 500 064. Age: 58	Non-executive and Independent	Independent Director	02697745

For further details of our directors, see the section titled "Our Management" on page no 124 of this Draft 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 ASBA Form was submitted by the ASBA Bidders.

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 / Ms. Nidhi Shah

Vivro Financial Services Private Limited
1st Floor ,Manu Mansion,
16/18,Shahid Bhagatsingh Road,
Opp.Old Custom House,Fort,
Mumbai – 400 023.
Tel: + 91 –79 – 2665 0670
Fax: + 91 – 79 – 2665 0570
Email: kalamandir@vivro.net
Website: www.vivro.net
SEBI Regn. No: INM000010122
Contact Person: Mr. Harish Patel

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

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

[●]

REFUND BANKER

[●]

SYNDICATE MEMBER(S)

[●]

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 ASBA Bid cum Application Form, please refer the above mentioned SEBI website.

IPO GRADING

Our Company will appoint and will obtain a grading of this Issue from [●] a credit rating agency registered with SEBI, pursuant to SEBI (ICDR) Regulations, 2009. The rationale furnished by the grading agency for its grading will be available for inspection and will be provided to the Designated Stock Exchange and updated at the time of filing of the Red Herring Prospectus with the RoC.

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 forthwith 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	Responsibilty	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.	Ashika & Vivro	Vivro

	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.		

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 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.

This Issue is being made through the 100% Book Building Process wherein upto 50% 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 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with the SEBI (ICDR) Regulations, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. 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 215 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 216 of this Draft Red Herring Prospectus);

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form and ASBA Bid cum Application forms;

3. Except for Bids on behalf of the Central or State Governments and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN and (see section titled "Issue Procedure – Permanent Account Number" on page no. 237);

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

5. Bids by ASBA Bidders will have to be admitted to the Designated Branches of SCSBs or Syndicate ASBA. 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 ASBA 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 Board meeting for 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 the closure of the Issue. 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, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Bid/Issue Programme

BID/ISSUE OPENS ON	**[●]**
BID/ISSUE CLOSES ON	**[●]**

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 centers 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 Draft 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, Sub-syndicate Members and the SCSB will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

On the Bid/Issue Closing Date, extension of time 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 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.

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.

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. 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.

The underwriting arrangements mentioned above shall not apply to the subscription by the ASBA Bidders in this issue.

CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Draft Red Herring Prospectus with SEBI, 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 Draft Red Herring Prospectus***		
	[●]Equity Shares of ₹ 10 each at an Issue Price of ₹ [•] per share	[●]	102,00,00,000
	Of Which:*		
	QIB Portion – upto [●] Equity Shares of ₹ 10each at a price of ₹ [●] per share	[●]	51,00,00,000
	Non-Institutional Portion – not less than [●] Equity Shares of ₹ 10 each at a price of ₹ [●] per share	[●]	15,30,00,000
	Retail Portion – not less than [●] Equity Shares of ₹ 10each at a price of ₹ [●] per share	[●]	35,70,00,000
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**	[●]	

* Under-subscription, if any, in any of the above categories would be allowed to be met with spill over inter-se from other categories, at the sole discretion of the Company and BRLMs.

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

The present Issue in terms of this Draft Red Herring Prospectus 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 changes inthe 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
		Ms. 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
		Ms. 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 Allotees	Number of Equity Shares	Face Value (₹)	Nature of Allotment	Benefits accured to the 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
	Ms. 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	**33.00**	[●]	[●]
March 31, 2009	1,00,00,000	1,60,00,000	10	10	Further issue of Shares	Cash		[●]	[●]
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, 201*
*******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 the 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 Draft 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 Draft Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Draft 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 promoters 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 before the filing of the Draft Red Herring Prospectus with SEBI 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 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. Our Company, our Promoters, our Directors and the BRLMs have not entered into any buy-back and/or safety net arrangements for the purchase of Equity Shares of our Company from any person.

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	[●]
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	0	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**	**0**	**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**	**0**	**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	-	-	-	0	**[•]**	**[•]**	-	-
II	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	-	-	0	**[•]**	**[•]**	-	-
(c)	Any Other (specify)	-	-			-	-	-	-
(d)	Public Issue	-	-	-	-	**[•]**	**[•]**		
	Sub-Total (B)(2)	-	-	-	**0**	**[•]**	**[•]**		
Total Public Shareholding (B) = (B)(1)+(B)(2)		-	-	-	**0**	**[•]**	**[•]**	**-**	**-**
TOTAL (A)+(B)		**10**	**2,02,20,000**	**100.00**	**0**	**[•]**	**[•]**	**-**	**-**
(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**	**0**	**[•]**	**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 Draft 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 DRHP.

23. Upto 50% 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 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. For further details, see "Issue Structure" beginning on page no 211 of this Draft Red Herring Prospectus.

24. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the section titled "Our Management" beginning on page no 124 of this Draft Red Herring Prospectus.

25. As on the date of filing this Draft 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 Draft 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.	Ms. Chalavadi Jhansi Rani	47,51,700	23.50
3.	Ms. 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 Draft Red Herring Prospectus:

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage
1.	Mr. Chalavadi Naga Kanaka Durga Prasad	1,61,76,000*	80.00
2.	Ms. Chalavadi Jhansi Rani	19,20,900	9.50
3.	Mr. Annam Kalyan Srinivas	14,15,400	7.00
4.	Mr. Annam Subash Chandra Mohan	4,04,400	2.00
5.	Ms. Annam Suchitra	1,01,100	0.50
6.	Ms. Annam Sowjanya	1,01,100	0.50
7.	Mr. Annam Venkata Rajesh	1,01,100	0.50
Total		**2,02,20,000**	**100.00**

*includes 29, 31,900 shares gifted to Mrs. P.Dhanalakshmi but not lodged for transfer.

(c). Two years prior to date of this Draft 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.	Ms. 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 Draft 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 Draft 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 Draft 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 188 of this Draft Red Herring Prospectus.

35. As of date of this Draft 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.	General Corporate Purposes
VI.	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	2179.52
II.	Expenses to be incurred for Brand Promotion	783.03
III.	Pre-payment of Term Loan facility	394.00
IV.	Meeting Long Term Working Capital Requirement	5469.85
V.	General Corporate Purposes	[●]
VI.	Issue Expenses	[●]
	Total	**10310.48**

Means of Finance

(₹ in Lakhs)

Sr. No.	Particulars	Amount
I.	Proceeds from Initial Public Offer	10200.00
II.	Internal Accruals	110.48
	Total	**10310.48**

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 amount of free reserves of our company as on December 31, 2010 stood at ₹ 1224.80 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 has 12 retail outlets spread across South India.

The company proposes to set up and operate additional 5 retail outlets to meet the need for growth as the market expands and achieve a sizeable presence in South India. The company proposes to take on lease property spaces to set up these outlets. Accordingly, the company would be required to pay security deposit upon entering into relevant lease agreements with the Lessors. These deposits have been estimated at nine / eighteen months rent payable on similar sized properties in similar locations in the city. Typically, the 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 except for the lease deposit paid for the proposed retail outlet at Chikpet, (No. 245, Ground Floor, 1st Floor, along with terrace, Chikpet Main Road), Bengaluru. The total cost in setting up of these retail outlets is ₹ 2179.52 lakhs, details of which are given here under:

Sr. No.	Particulars	Amount (₹ in Lakhs)
1.	Interiors	1737.29
2.	Security Deposit	442.23
	TOTAL	**2179.52**

Break-up of Cost of Interiors

Sr. No.	Particulars	Amount (₹ in Lakhs)
1.	**Civil Work** Brick work, Flooring, Painting, False ceiling, Internal wiring etc.	520.74
2.	**Furniture & Fixtures** Racks, Counter, Railing, Glasses, Chairs, Trial rooms etc	737.68
3.	**Plant & Machinery** Generator, Air Conditioners, Lifts, Transformers etc.	261.33
4.	Computer Hardware & Utility items	185.54
5.	Miscellaneous	32.00
	TOTAL	**1737.29**

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, Madhapu, Hyderabad

As detailed out in the table given below, security deposit for 5 retail outlets is based on lease rent deposit estimates given by Ms. Priya Ajit, Jones Lang la Salle, having their office at Level 4 Krishnama House8-2-418,Road No.7,Banjara Hills, Hyderabad – 500034.

Sr. No.	Location	Area (In Sq. Ft.)	Lease Deposit Amount (₹ In Lakhs)
1	Rajahmundry, Andhra Pradesh	20000	108.00
2	Vishakapatnam, Andhra Pradesh	7500	67.50
3	Nellore, Andhra Pradesh	7500	37.13
4	Chikpet, Bengaluru (No. 245, Ground Floor, 1st Floor, along with terrace, Chikpet Main Road)	3800	100.00
5	T.Nagar , Chennai (Deposited calculated at ₹ 120/- per sqft for 18 months)	6000	129.60
	TOTAL	**44800**	**442.23**

Note: Our Company has already deployed ₹ 100.00 Lakhs towards lease deposit for the proposed retail outlet at Chikpet upto April 30, 2011 out of internal accruals and the same has been certified by our Statutory Auditor M/s B. Vithalani & Co., Chartered Accountants vide certificate dated May 16, 2011.

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 brand "Kalamandir" 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 that initiative that we believe would enable greater visibility for our products on the retail shelf. An amount of ₹ 783.03 lakhs is to be incurred on brand promotion and the estimate is based on s media plan dated May 5, 2011 received from Sumaja Creations, Hyderabad who have been associated with our company.

Our brand Promotion budget includes advertising through television, radio, newspaper, outdoor (hoardings, unipole/ pole boards), other media (SMS/ E-mailer, 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	359.10
2.	Television Advertising	288.00
3.	Radio Advertising	34.47
4.	Outdoor Advertising (hoardings, unipole/ pole boards)	71.46
5.	Other media (SMS, Social Network, Events)	30.00
	TOTAL	**783.03**

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

Our company has entered into financing arrangement with State Bank of India for an aggregate amount of ₹ 1175.00 lakhs. Our company intends to utilise ₹ 394.00 Lakhs towards prepayment of the term loan facility availed in order to reduce the interest burden on the company.

Prepayment of above loan facilities shall reduce the debt equity ratio of our company and will enhance our debt leveraging capacity to fund our future projects.

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 details of term loan facility proposed to be prepaid are as under:

Name of Leading Bank	**State Bank of India**	
Nature of loan facility	Term Loan III	Term Loan IV
Sanctioned Amount (₹ in Lakhs)	900.00	275.00
Disbursed Amount (₹ in Lakhs)	438.77	275.00
Amount Outstanding as on April 30, 2011	212.91	255.22
Date of Sanction letter	July 21, 2008	September 2, 2010
Repayment Schedule	48 Monthly Installments commencing from April, 2009	12 Quaterly Installments commencing from April, 2011
Tenor (years)	4 Years & 9 months	3Years and 6 months
Rate of Interest	6.0% above SBBR	6.0% above SBBR.

The company has availed these loans for setting up of retail oulets at Marthahalli, M.G. Road, & Chikpet (D M Arcade, Chikpet Main Road) at Bengaluru, Banjara Hills & Patny at Hyderabad and at Vijayawada respectively.

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

Particulars	Amount (₹ in Lakhs)
Deposits	30.12
Civil Works	139.36
Furniture & Fixtures	415.00
Plant & Machinery	129.29
Total	**713.77**

The auditors have also certified that the above loans were utilized for the purpose for which these were 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 2011-2012. We are proposing to meet our long term working capital requirements, to the extent of ₹5469.85 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, 2010 (Audited)	As on December 31, 2010 (Audited)	Estimates considering Expansion
Current Assets (A)			
Inventories			
- Raw Material	-	-	-
- Finished Goods	5227.35	7951.20	13755.92
Debtors	402.13	253.48	515.24
Other Current Assets	662.35	1283.89	1958.11
Sub -Total (A)	**6291.83**	**9488.57**	**16229.37**
Current Liabilities (B)			
Creditors (Purchases)	576.40	2089.86	3212.23
Other Current Liabilities	485.67	776.87	976.32
Sub -Total (B)	**1062.07**	**2866.73**	**4188.50**
Working Capital Gap (A-B)	**5229.76**	**6621.84**	**12040.72**
Actual/ Projected Net Working Capital Available	#1642.10	#2461.50	2461.50
Permissible Bank Finance	3587.66	4160.34	4109.37
Amount to be financed through Issue Proceeds			**5469.85**

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 10% 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	Based on the past trend, we have worked out the inventory holding period,

	components estimations	Receivable Collection Period and Creditors Credit Period.
	- Finished Goods	Average No. of 180 days of estimated Total Cost of Goods Sold
	- Receivables	Average No. of 6 days of the estimated Total Sales
	- Creditors	Average No. of 60 days of estimated Total Purchases
4	Other Current Assets	These includes, deposits made to Owners of the Showroom premises, advances to suppliers, advances to staff, deposits made to electricitydepartments& telephoneoperators, advances given to service providers, such asAMC etc., and also includesthe 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 ₹3750.00 Lakhs as a regular working capital limits. Also our company has Stand by Line of Credit of ₹250.00 Lakhs. Additionally ₹750.00 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 limit of credit card receivables is to be repaid in 24 months by way of deduction of instalments on fortnight basis. Presently, our company has balance working capital facilities from the bankers aggregating to ₹ 4109.37 Lakhs (including limit availed by way of Hypothecation of credit card receivables).

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

V. To meet expenses towards General Corporate Purposes

Our Company intends to deploy amount aggregating to ₹ **[●]** Lakhs towards general corporate purposes including but not restricted to, meeting operating expenses, initial development costs for projects other than the identified projects strategic initiatives and the strengthening of our marketing capabilities, meeting exigencies, which our Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

VI. Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. 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 & selling expense	**[●]**	**[●]**	**[●]**
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, Research report etc.)	**[●]**	**[●]**	**[●]**
	Total Estimated Issue Expenditure	**[●]**	**[●]**	**[●]**

** will be completed after finalization of Issue Price*

Schedule of Implementation

Sr. No.	Particulars	Expected Month of Commencement	Expected Month of Completion
1.	Setting up of Retail Outlets	October 2011	March 2012
2.	Brand Promotion Activities	December, 2011	May, 2012

Deployment of Funds & Sources

We have incurred an amount of ₹ 110.48 Lakhs till April 30, 2011 relating to the Objects of the Issue which has been certified by our Statutory Auditors, M/s B. Vithlani & Co**.** *vide* their certificate dated May 16, 2011.

The above mentioned expenses have been incurred towards Issue expenses and security deposit for retail outlets at Chikpet, Bengaluru 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 30.04.2011	FY ended March 2012	Quarter Ended June 2012	Total
1.	Setting up of Retail Outlets	100.00	2079.52	**-**	**2179.52**
2.	Pre-payment of Term Loan	-	394.00	**-**	**394.00**
3.	Brand Promotion	-	646.99	136.04	**783.03**
4.	Meeting Long Term Working Capital Requirements	-	5469.85	**-**	**5469.85**
5.	Meeting General Corporate Purposes	-	[●]	-	[●]
6.	Issue Expenses	10.48	[●]	-	[●]
	Total	**110.48**	**10063.96**	**136.04**	**10310.48**

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 Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, ASBA 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 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 DRHP 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 Draft Red Herring Prospectus, including the sections "Risk Factors", "Our Business" and "Financial Statements" beginning on page nos 14, 97 and 146 respectively, of this Draft 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 97 of this Draft 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, 2010 to December 31, 2010 (9 months)*	3.31	
Year ended March 31, 2010	2.35	3
Year ended March 31, 2009	3.04	2
Year ended March 31, 2008	1.10	1
Weighted Average	**2.37**	

*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, 2010 of ₹ 2.35	₹ [●]
Based on weighted average EPS of ₹ 2.37	₹ [●]

Industry P/E

Particulars	**Industry P/E**
Highest	175.00
Lowest	18.60
Industry Composite:	
i. Trading	175.00
ii. Textile- Products	18.60

Source: Capital Market Volume XXVI/06, May 16 – May29, 2011

3. Return on Net Worth (RoNW):

Financial Period	RoNW %	Weight
April 1, 2010 to December 31, 2010 (9 months)*	20.15	
Year ended March 31, 2010	18.37	3
Year ended March 31, 2009	13.29	2
Year ended March 31, 2008	7.58	1
Weighted Average	**14.88**	

*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, 2010	₹ 12.79
Pre – Issue (as on December 31, 2010)	₹ 16.44
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 have chosen the companies which we believe are our peers. The comparison of Accounting Ratios with Industry Peers is as follows:

Name of the company	Year Ending	FV (₹)	EPS (₹)	P/E Ratio	RoNW (%)	NAV/Share (₹)
Sai Silks (Kalamandir) Limited	March , 2010	10	2.35	[●]	18.37	12.79
Peer Group						
Pantaloons Retail Limited	June, 2010	2	6.1	69.2	5.4	131.3
Shoppers Stop Limited	March , 2011	5	9.1	39.4	18.5	72.8
Trent India Limited	March, 2010	10	14.6	40.5	5.1	316.0
Visagar Polytex Limited*	June, 2010	1	0.80	183	9.20	13.10

Source: Capital Market Volume XXVI/06, May 16-May29, 2011; Segment: Textile –Products & Trading
**Source: Capital Market Volume XXVI/06, May 16-May29, 2011; Segment: Trading*
Note: The ratio mentioned above for the peer group are based on the standalone-audited financials and for our company are based on the restated audited financial statements.

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 14 of this Draft 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 146 of this Draft 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 fulfill.

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.

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: Mumbai.
Dated: May 16, 2011

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

I. SPECIAL TAX BENEFITS

1. Special benefits available to the 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 the Company under the Act.

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

II. GENERAL TAX BENEFITS

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.

In case of new machinery or plant (other than ships and aircrafts), that is acquired and installed by the Company, it is entitled to additional depreciation equal to twenty percent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.

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 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 except capital gains.

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

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

b) 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

c) 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 on transfer of listed securities/units/Zero coupon bonds exceeds 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored

d) 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.

e) 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

f) 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.

g) 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 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 and surcharge.

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:

In terms of Section 88 E 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 rebate from the amount of income-tax on 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.

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 2.1(b)(i) & (ii) 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

iii. Rebate:

Benefits outlined in Paragraph 2.1.d 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 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)(vii) above

iv. Rebate:

Benefit as outlined in Paragraph 2.1.d. 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

3. 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 a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the 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

The Brand Marketing India (BMI) Retail Report for the second-quarter of 2011 forecasts that total retail sales will grow from US$ 395.96 billion in 2011 to US$ 785.12 billion by 2015. Strong underlying economic growth, population expansion, the increasing wealth of individuals and the rapid construction of organised retail infrastructure are key factors behind the forecast growth. With the expanding middle and upper class consumer base, there will also be opportunities in India's tier II and III cities.

China and India are predicted to account for more than 91 per cent of regional retail sales in 2011, and by 2015 their share of the regional market is expected to be more than 93 per cent. BMI forecasted growth in regional retail sales at 75.2 per cent for 2011, an annual average of 14.9 per cent.

Furthermore, according to a report titled 'India Organised Retail Market 2010', published by Knight Frank in India in May 2010, during 2010-12 around 55 million square feet (sq ft) of retail space will be ready in Mumbai, national capital region (NCR), Bengaluru, Kolkata, Chennai, Hyderabad and Pune. Besides, between 2010 and 2012, the organised retail real estate stock will grow from the existing 41 million sq ft to 95 million sq ft.

India's retail market is expected to be worth about US$ 410 billion, with 5 per cent of sales through organised retail, meaning that the opportunity in India remains immense. Retail should continue to grow rapidly—up to US$ 535 billion in 2013, with 10 per cent coming from organised retail, reflecting a fast-growing middle class, demanding higher quality shopping environments and stronger brands, according to the report 'Expanding Opportunities for Global Retailers', released by A T Kearney.

India has been ranked as the third most attractive nation for retail investment among 30 emerging markets by the US-based global management consulting firm, A T Kearney in its 9th annual Global Retail Development Index (GRDI) 2010.

2010 Rank	Country	Market Attractiveness (25%)	Country Risk (25%)	Market Staturation (25%)	Time Pressure (25%)	GRDI Score
1	China	50.6	85.8	32.9	86.6	64.0
2	Kuwait	75.4	94.3	56.2	24.5	62.6
3	India	35.4	51.3	62.2	97.8	61.7
4	Saudi Arabia	65.3	86.5	50.7	31.0	58.4
5	Brazil	73.5	74.3	46.6	36.9	57.8
6	Chile	71.8	92.3	27.5	38.3	57.5
7	United Arab Emirates	79.1	100.0	18.8	32.0	57.5
8	Uruguay	67.7	74.3	58.6	23.1	55.9
9	Peru	43.4	54.6	72.2	49.2	54.9
10	Russia	63.5	55.1	32.0	61.8	53.1

Source: The 2010 A.T. Kearney Global Retail Development Index

Foreign direct investment (FDI) inflows between April 2000 and October 2010, in single-brand retail trading, stood at US$ 197.04 million, according to the Department of Industrial Policy and Promotion (DIPP). FDI up to 51 per cent under the Government route is allowed in retail trade of Single Brand products, according to the Consolidated

FDI Policy document. Whereas, The Consumer Affairs Ministry has given the green signal to allow 49 per cent FDI in multi-brand retail.

Road Ahead

According to a market research report published in June 2008 by RNCOS titled, 'Booming Retail Sector in India', organised retail market in India is expected to reach US$ 50 billion by 2011. The key findings of the report are:

- Number of shopping malls is expected to increase at a CAGR of more than 18.9 per cent from 2007 to 2015
- Rural market is projected to dominate the retail industry landscape in India by 2012 with total market share of above 50 per cent
- Apparel, along with food and grocery, will lead organised retailing in India

Further, the luxury brand in the country is estimated to be worth about US$ 4.06 billion-US$ 4.51 billion and is expanding rapidly driven by the growing aspirations of youth and income levels in the country.
(Source: www.ibef.com)

Indian Textile Industry

The Indian textile industry contributes about 14% to industrial production, 4 per cent to the country's gross domestic product (GDP) and 17% to the country's export earnings, according to the Annual Report 2009-10 of the Ministry of Textiles. The industry provides direct employment to over 35 million people and is the second largest provider of employment after agriculture.

According to the Ministry of Textiles, the total cloth production increased by 10.25% during September 2010 as compared to September 2009. The highest growth was observed in the power loom sector (13.2 %), followed by hosiery sector (9.1%).

As per the Index of Industrial Production (IIP) data released by the Central Statistical Organisation (CSO), cotton textiles has registered a growth of 8.2 per cent during April-September 2010-11, while wool, silk and man-made fibre textiles have registered a growth of 2.2 per cent while textile products including wearing apparel have registered a growth of 3 per cent.

Government Initiative

1. Technology Upgradation Fund Schemes (TUFS)

According to the Ministry of Textiles, investment under the Technology Upgradation Fund Schemes (TUFS) has been increasing steadily. During the year 2009-10, 1896 applications have been sanctioned at a project cost of US$ 5.23 billion. The cumulative progress as on December 31, 2009, includes 27,477 applications sanctioned, which has triggered investment of US$ 45.5 billion and amount sanctioned under TUFS is US$ 18.9 billion of which US$ 16.4 billion has been disbursed so far till the end of April, 2010. The Ministry of Textile has sanctioned a total of US$ 133 million under TUFS during September 2010. Moreover, in May 2010, the Ministry of Textiles informed a parliamentary panel that it proposes to allocate US$ 785.2 million for the modernisation of the textile industry.

2. The Scheme for Integrated Textile Park (SITP)

The Scheme for Integrated Textile Park (SITP) was approved in July 2005 to facilitate setting up of textiles parks with world class infrastructure facilities. 40 textiles park projects have been sanctioned under the SITP, out of which 25 textile parks are already in operation. Ms Panabaaka Lakshmi, Minister of State for Textiles, stated on November 25, 2010 under the SITP, about US$ 763.7 million has been invested into the scheme and generated employment for 15,000 textiles workers.

3. FDI Promotion

The Ministry is also making efforts to attract Foreign Direct Investment in the Indian Textile sector. For this purpose, Ministry of Textiles has organized road shows and seminars in major developed countires. 100 % FDI is allowed in textile and apparel manufacturing.

Investments

The textiles industry has attracted foreign direct investment (FDI) worth US$ 934.04 million between April 2000 and Janurary 2011, according to data released by the Department of Industrial Policy and Promotion.

Growth Drivers for Retail Apparel Industry

Rising Income Levels

We believe increasing household income has led to a substantial change in the profile of the Indian consumer. A larger number of households are getting added to the consuming class with growth in income levels.

Young Population with High Disposable Income

India has the lowest median age of 24, for its over 1,000 million strong population, amongst the other highly populous countries. Thus India has the largest 'young' population in terms of sheer size and we believe this young segment is the major driver of consumption as they have ability (disposable income) and willingness (consumer confidence) to spend. Most of such upwardly mobile consumers have little personal time and they seek greater variety and availability of items under a single roof and give highest preference to convenience, which is the basic proposition of modern retailing formats. The brand-conscious young population forms the largest segment of demand for the majority of retailers.

Media Proliferation

Another factor that accelerated the concept of organised retail is media proliferation. The resultant exposure to advertisements and brand promotions across product categories has led to a growing consumer spending across a wide range of product categories.

Availability of Quality Real Estate

Availability of quality real estate has been one of the main constraints for development of organized retail in India. In the past, negative yield on leased property, lack of bank funding and the unorganized property market resulted in dearth of quality retail space in the country. The spread between yield on property and the financing cost has turned positive with the fall in interest rates. Attractive yields on investments have resulted in sharp increase in property development.

In addition, the various States governments have taken proactive steps to release large tracts of land for commercial development. Growth of property funds and permission for Real Estate Investment Trusts (REITs) to be set up will further help create a secondary market for real estate in the country.

Increased use of Credit Cards & Enhanced Funding Options

Supply side changes such as consumer finance help in shaping a markets buying power. Consumer credit, especially through credit cards, has been growing healthily year on year. Financial card usage in India has witnessed tremendous growth with volume transactions experiencing greatest growth at 3,009 % since 1998 to reach ₹851.8 million in 2003. Value transactions grew 1,339 % to reach almost ₹ 403.9 billion in 2003.

Inbound Tourists & shopping

There is a large NRI population. Given that international lifestyle brands are readily available in their country of migration, this population shops for similar quality merchandise at lower prices in India on their visits here. Additionally, inbound tourists visiting India and shopping here seek similar products at lower costs in a similar environment.

Impact of Globalization

Globalization has removed trade barriers and promoted consumerism. Over the last decade, there has been an increase in branded goods – both domestic and international – in the Indian market across product categories.

Expansion of Ready-to -Wear Market

The market for readymade segment is rapidly expanding in India for especially in women's and menswear section. The preference of Indian consumers has also undergone a major shift as they just prefer to go out and buy.

Mall Development / Increased Retail Space

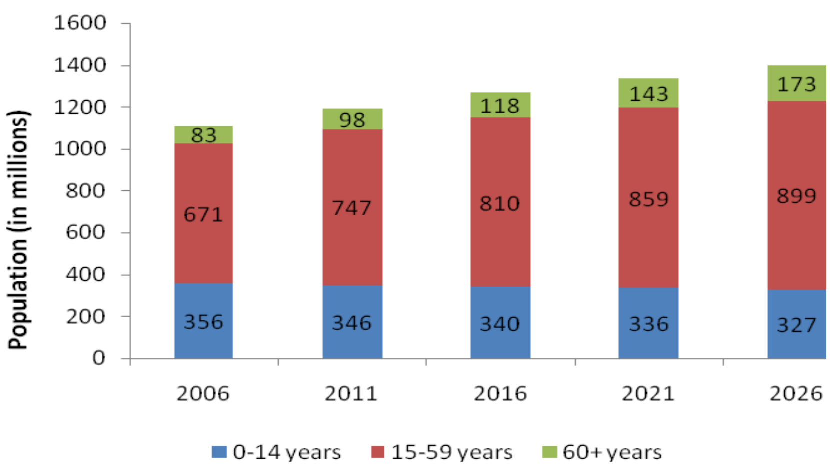
The second half of 1990's saw the arrival of modern mall in India. Since then the trend has caught a momentum and now not only the metros but also the smaller cities have modern malls. This has additionally fuelled the apparel growth.

Rising Urbanization

Urbanization is a trend that everyone has to contend with. The urban population is set to increase up to 42% by 2030 according to census figures. This is due to the fact that people migrate to cities to look for better job opportunities and living standards. Therefore, organized retail is set to witness a major expansion to fulfill the needs of growing population. With international brands coming in, increase in organized retail plays a very important part in the growth of the Luxury Watch industry.

Demographic Structure

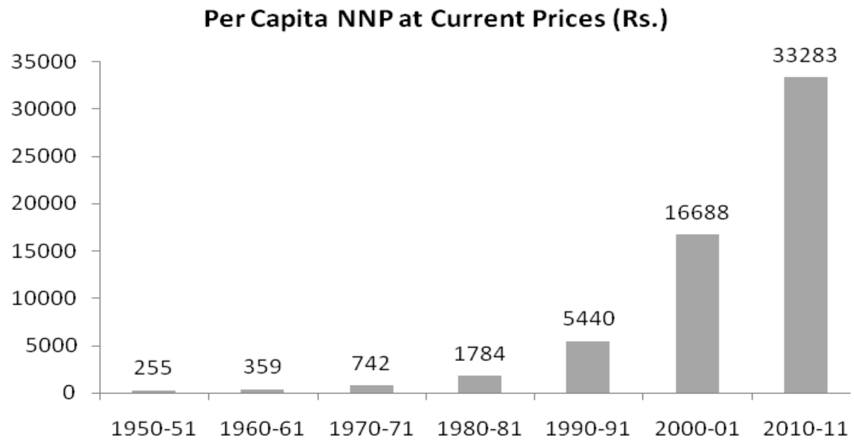
India is home to approximately 17% of the world's population. Being flaunted as one of the youngest countries in the world, it is tipped to have one of the largest work forces for years to come. At 24 years, it has the lowest median age of population in the world, with 50% of the population less than 25 years and 70% less than 35 years of age. Also, as more and more women become part of the workforce, the demand for women wear including accessories is set for expansion.



(Source: India Retail Report, 2009)

Growing Prosperity

India has the second largest working population with approx 700 million people between 20-60 years of age. In addition, corporate salaries have grown at 14% p.a. which is fastest globally. Also, the salaries for new job starters have gone up by 2-3 times over the last decade. These all factors contribute to increasing disposable incomes in the hands of individuals. With a consumption rate of around 34%, the appetite for high value branded products is ever increasing.



(Source: Economic Survey 2008-09)

The per capita income has nearly doubled from the start of this decade. This again indicates the rising consumerism among the Indians at general level.

Increased brand consciousness

A consumer generally perceives wearing brands as a fashion statement and a recognition. Some of the major reasons for the increased brand consciousness are the young population of India, status symbol and peer pressure.

Changing Consumer Lifestyle and Preferences

Indian consumer has become more demanding; as a result, there is a continuous shift in the demand pattern from basic necessities to spending on the lifestyle products. This is largely because of:

- Higher Income levels
- Increasing knowledge and awareness levels
- Higher adaptability to technology
- Greater participation of women and children in household decision making
- Increasing demand for better products and service experience

Key Challenges

Decrease in Footfalls

Global recession has had an impact on the overall Indian sentiments as well. The footfalls in the malls and showrooms have declined. International brands prefer to have their exclusive showrooms and boutiques in huge malls to target the right kind of consumer base. Although Indian economy is now showing signs of recovery, it will take some more time to fully recuperate from such a crisis. Till the time conditions become more stable, the retail industry may face some tough time ahead.

Real Estate Costs

Realty costs in India have leapfrogged over the last few years. High purchase cost or high lease rentals of showroom premises leaves the retailers with high fixed costs and with no choice but to increase the prices of the already expensive branded watches. Maintaining a balance between fixed cost and reasonable prices is a challenge that the industry needs to overcome.

Raw Material

Increasing productivity and improving quality is also a major aspect that needs attention for India to remain competitive in the global market.

Infrastructure Development & Technological Up gradation

India needs to upgrade the manufacturing technology and improve the support infrastructure for the manufacturing industry, in order to improve efficiencies.

Market Development

Another major challenge for India is finding new markets for the India's apparel exports apart from the traditional markets of US & EU. Also developing Brand India and expanding reach of Indian brands globally is a major area that needs improvement.

Shortage of Skilled Manpower

There is a critical gap facing the retail industry in respect of availability of personnel with right skill-sets. The labour laws in India are also stringent. This may lead to serious impediments in expansion plans or poaching for trained manpower. Some stepa have been taken to reduce this gap like on-the-job training or setting up of specialized institutions catering to elusive requirements of retail industry. However, still the gap has not been able to bridge.

Supply Chain Issues

There are serious supply chain issues hindering the growth of retail industry. It has been plagued with inefficiencies in transportation, inventory management, procurement and IT systems. This all lead higher logistics costs for the retailers and thereby lower margins.

Success Mantra / Factors

Innovation

The companies need to reinvent themselves and offer something new, different and vibrant to the consumers. To keep their consumers interested, the companies need to evolve options constantly and keep in line with the changing trends. The company needs to come up with new designs and detailing to meet their targeted goals.

Consistency

Continue to meet expectation of the consumers' every time they shop. Not just in terms of quality but also in terms of intricate details such as consistency in sizing and fabric sustainability, branding, and packaging. The key is to determine what your consumer expects from you and you deliver your promise everytime your consumer comes to you.

Keeping that Edge

One of the main reasons brands fall off track is that they loose sight of their consumers and become tired and boring in the eyes of their shoppers. The companies should stay ahead of what their consumers want.

Brand Positioning

The brands particularly in apparel industry need to be very particular and must reinforce the message that is unique to companies' label. This consistency must exist across all communication channels from the web to outlets to catalogues and other media. The consumer should be an extension of the message. Your brand must be able to break through geographical, cultural and demographic defenses and should be flexible and evolutionary.

Keep your sales team informed

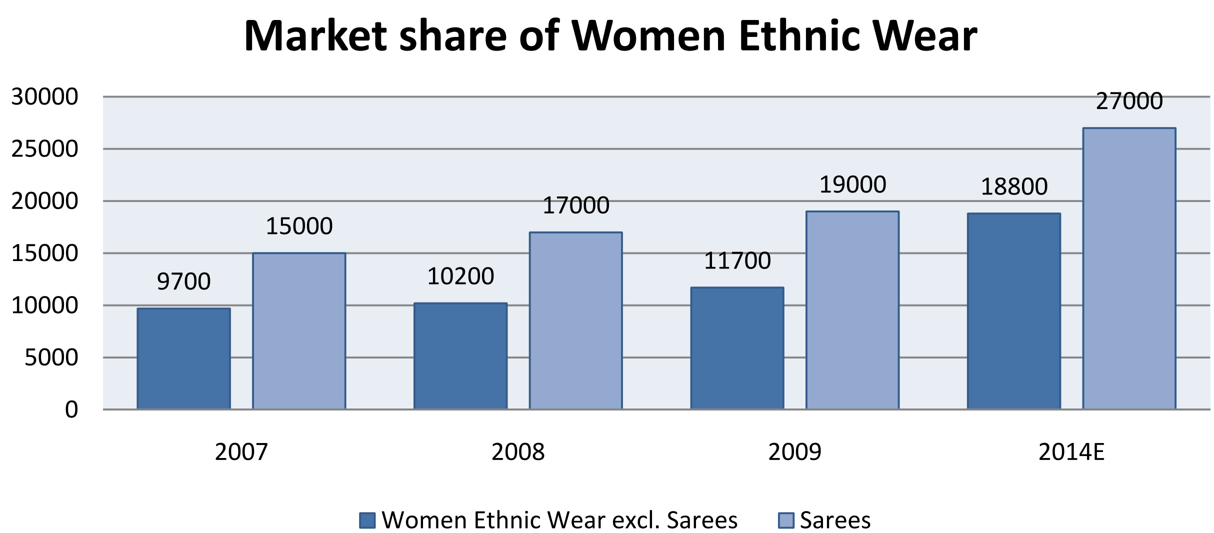
The associates who sell your brand to the consumers must be well versed with your branding message and also be effective in their soft skills. They should be able to help consumers make smart choices about what they buy. This can go a long way in establishing trust and loyalty for a brand

Quality

Use quality to differentiate from competitors. There are quality tools that can help determine specific consumer requirements and competitors 'capability.

WOMEN'S ETHNIC WEAR INDUSTRY

With the mounting western influence in this globalised era, the apparel and accessory segment in India, like many other traditional product segments, is undergoing an astounding change of perception. In today's world, though the Western culture has a huge impact on the Indian clothing, but many designers from the industry has ensured that the 'Indian wear' holds its popularity throughout by making it look trendy, glamorous at the same time elegant and comfortable. This has helped India in emerging as a market destination for fashion apparel retailers.



All figures in ₹crore
Source: Technopak Analysis

The current market share of sarees and ethnic wear stands at ₹ 31,000 crore and is projected to grow at 10 per cent to reach ₹45,000 crore in 2014. Fashion in India has now become an important sales driver in India, brands and designers are scrambling in to adjust their designs to cater to the demand of the Indian market. As a result of the same, major brands are using traditional weaves and fabrics to create the fusion of western and Indian patterns and designs.

Growth Drivers

Traditional ethnic wear in India comprises primarily of sarees and salwar kameez and dupatta (SKD) and other regional attire. There are a number of factors that act as a catalyst for the growth of ethnic wear.

Increasing female workforce

In the era of 21st century, education has spread throughout the world and so in India. This has resulted in an increase in the number of educated women which in turn has increased the female workforce. The majority of India's female workforce still prefers to wear the traditional Indian SKD to work. This boom in the service industry has resulted in an increase in the size of the female workforce from 5 million in 2001 to 7–10 million in 2010. Therefore, the size of the market for women's Indian wear has increased and is likely to do so in the future as well.

Personalised designs and styles

In comparison to the western wear, the Indian wear still gives a lot of flexibility in terms of getting personalized designs, cuts and styles made. Majorly the western wear falls in the ready to wear category and the designs and styles are restricted to the available stock with the shopkeepers whereas the Indian ethnic wear is generally tuned to one's preference specifically design sensibility and fitting.

Traditional occasions and festivals

Traditional occasions like marriages, family functions and festivals are the part of life of an Indian family. On such occasions, Indian wear is still the most preferred choice for most of the women. Majority of women still has a large collection of ethnic wear in their wardrobe for various occasions. The purchasing power and the willingness to spend have played a big role in increasing the varied collection in the wardrobe of Indian women giving her a flavour of different traditional and contemporary designs.

Current Market Scenario

The current Indian ethnic wear market is highly unorganized with a few branded players operating primarily in metropolitan cities. The organised sector has players like W, Biba, Fabindia, Tacfab, Hakoba, Prafful, Vipul, etc. catering to the low to mid segment. Satya Paul, Anokhi, Meena Bazaar, CTC cater to the premium and super premium segment.

The Indian sarees have never lost its grace, beauty and elegance. This beautiful fashion attire has spanned ages in India, and still exists as the quintessential element in every Indian woman's wardrobe. The saree in India has constantly changed in looks, designs, styles and fabrics from generation to generation. These sarees are adorned with various embellishments like mirror work, zari, embroidery, zardosi, kundan, pearl work, etc. Inspite of the above modern works, the traditional regional sarees like bandhej, banarasi, patola, kanjeevaram, kantha, phulkari, chikan, etc. are still popular.

Very popular and widespread Indian attire is the salwar kameez. The changing face of SKD is perhaps the biggest success of this category through the fusion of fabrics, prints, styling and fits. More and more women prefer to wear the Salwar kameez because it is more convenient. This has given boost to the Indian salwar kameez industry too.

Opportunities in Womens Ethnic Wear

No matter how many styles and trends come into the limelight, the Indian sari never loses its grace, beauty and elegance. Going forward, there is a lot more that can be tapped in this market. The first opportunity that exists in this market is by making an entry as a branded retailer of traditional wear. Except brands like W and Biba which have a pan-India presence, none of the brands have been able to cross the borders of its state. To fill in the gap between the mid to super premium segments, there lies a lot of potential demand. The opportunity lies in bringing to the forefront our centuries-old heritage and culture in the form of traditional attire. Designers and retailers can revive the traditional work done by artisans with a touch of big prints or latest designs, styles and cuts. Fusion concepts of kurtis, harem pants can be taken forward to create kurtis with knitted fabrics or chudidar/salwar with stretchable material. The Indianisation of Western wear makes it trendy and easy to handle these appeals for youngsters and working women alike.

Challenges for Ethnic Wear

In spite of the growth factors in the sector, there are a few challenges that market players need to be aware of before entering the market.

A good fit is essential

The good fit is one of the major characteristics for any dress. Indian women body sizes vary a lot across different age groups and regions. For example, North-eastern women are comparatively slimmer than women in north Indian states like Punjab or Haryana. A proper fit of ethnic wear is very important to suit customer requirements across segments. Feasible research on the target segment, well-trained designers and other local requirements need to be addressed.

Across diverse regions no unified fashion

India has rich and varied textile heritage. Each region of India has its own unique native costume and traditional attire and accessories. One has to be very careful of the trends prevalent in different regions. A country of India's size and diversity poses a challenge. Designers and market players must understand all these varied trends and come out with a line of desired products.

Given its flexibility, comfort and traditional appeal, Indian ethnic attire is very much in demand and the market for it poised to grow. Organised players and designers can tap into a lot of opportunities by coming out with a fusion of basic, traditional yet modern styles. Brands can revive age-old prints and traditional/regional apparel further to meet the growing demand from both national and international clients.

Understand the market

The global scene across India shows that the fashion adaption is as diverse as the culture across the country. Indians like to experiment and fuse western wear with Indian designer clothing, adapt western wear with Indian designer clothing, adapt western trends and indianize them as per local trends, they look at film celebrities and designers for inspiration. This factor makes the Indian market all the more complex to understand and dwell in.

Competition from unorganised market

Since the organised market for Indian ethnic wear is still not very big, there is direct competition from the large unorganised sector. Most offerings come from regional stores in different localities, as they are better able to sell products to meet customers' requirements.

(Source: Technopak Analysis)

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 by Government of India and has created a data base which includes resource assessment, research of development, creation of awareness and development of infrastructural facilities for manufacturing and also provided policy support. It was estimated by Government of India that there is a potential of 45000 MW in our Country and so far 11807 MW capacities of projects as on 31.03.2010 was established in the country.

Potential in Andhra Pradesh

Andhra Pradesh is one of the few states blessed with huge potential for Energy Generation. As per the estimates by MNES, the gross potential is estimated to be 8,968 MW and out of which the estimated technical potential is 2,110 MW. So far about 120 MW capacities of projects have been established in the state of Andhra Pradesh. Most of the wind power projects are established in Anantapur Dist. of the State. In order to encourage, the development of wind power projects, the Govt. of India is providing certain fiscal incentives to the promoters. The generation of electricity from wind has emerged the viable renewable energy option with increased applications. It is environmentally benign and does no emit greenhouse gases. Government of Andhra Pradesh (GOAP) has announced certain incentives with a view to promote renewable energy in Andhra Pradesh. The Govt. of Andhra Pradesh announced ₹3.50/kwh for developing wind Power Projects in private sector and the same was notified by the APERC.

Further, the Govt. made applicable policy for a period of 10 years and the validity of a PPA is for a period of 20 years. The Govt. is committed to promote non-polluting sources of energy and for development of wind power in AP. The government of India announced Grid based incentive (GBI) of ₹ 0.50 per Kwh as incentive in addition to the tariff announced by APERC in order to promote wind power projects in the country.
Non Conventional Energy Development Corporation of A.P. Ltd (NEDCAP), the Nodal Agency in A.P. has taken up wind mapping and wind monitoring projects with the support of MNRE, Govt. of India, Delhi and C-WET, Chennai to identify windy sites. Andhra Pradesh is one of the States in the country having windy sites suitable for setting up of wind power projects.

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, according to a report 'Indian Gems and Jewellery Market Forecast to 2013', by RNCOS.

As per the credit rating agency Crisil, the diamond industry in India is predicted to remain stable during 2010-11 due to improved prices and steady demand.

Gems and jewellery exports from India is expected to grow by 30-35 per cent in 2010-11, according to the Gem and Jewellery Export Promotion Council (GJEPC), on the back of revival in demand in the international markets.

Industry Structure

Although, the market is highly dominated by the unorganised players, with increase in consumer income and economic prosperity, the future of organised retail in India is very bright.

Gold

India is one of the largest bullion markets in the world. It has been until now, the undisputed single-largest Gold bullion consumer.

As per the study 'Heart of gold' by the World Gold Council (WGC), a body of gold producers, India owns over 18,000 tonnes of above-ground gold stocks (all physical and gold holdings, including private, Reserve Bank of India and institutional) worth around US$ 800 billion.

Jewellery demand in India grew by 36 per cent to 184.5 tonnes in the third quarter ending September 2010, according to the WGC. The sale of jewellery items stood 135.2 tonnes in the July-September period of 2009. India's jewellery demand reached a remarkable US$ 7.42 billion in the third quarter, 67 per cent higher than the same period of 2009.

Gold import is likely to rise by 15 per cent in 2011 to around 805 tonnes, as compared to 2010 due to growing demand for gems and jewellery, according to Vinod Hayagriv, Chairman, All India Gems and Jewellery Trade Federation.

Gold imports stood at US$ 21.2 billion during the period April-November 2010. The net imports of gold bars during April-November 2010 reached US$ 3.1 billion.

In the world official gold holdings ratings, India stood at 11th position with 557.7 tonnes of gold reserve as of October 2010, as per the World Gold Council.

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

Exports rose to US$ 23.5 billion during April-November 2010 from US$ 17.0 billion in the corresponding period last year, registering 38.25 per cent growth in the total gem and jewellery exports, as per data released by the Gem and Jewellery Export Promotion Council (GJEPC).

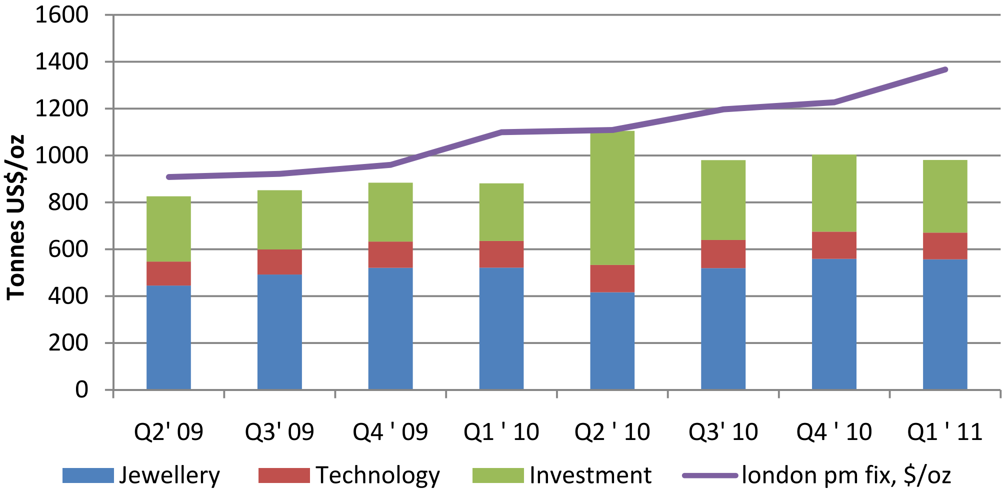
The figures for export of gold jewellery in November 2010 stood at US$ 464.66 million. The export of coloured gemstones stood at US$ 19.16 million reflecting a growth of 23.85 per cent in November 2010 as compared to US$ 15.47 million during the same month last year. During April-November 2010, US$ 177.16 million worth of coloured gemstones were exported.

The rough diamond exports stood at US$ 620.95 million whereas the cut and polished diamond exports posted a growth of 52.76 per cent with US$ 16.4 billion worth of exports during April-November 2010. In November 2010 itself, cut and polished diamond exports stood at US$ 1.5 billion.
(Source: www.ibef.org)

Overview:

Gold demand in the first quarter of 2011 totalled 981.3 tonnes, equivalent to US $43.7bn in value terms. Much of the 11% year on year increase in tonnage demand was the result of strong growth in investment demand. Demand for physical bars and coins was up 52% year-on-year, at 366.4 tonnes. In value terms, this represented a near-doubling of demand from US $ 8.6bn in Q1 2010 to US$16.3bn.

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



Note: investment includes bars and coins; medals/imitation coins; and ETF and similar products.
(Source: GFMS, LBMA)

Although the average Q1 gold price increased by 25% year-on year, gold experiences a price consolidation n the early part of the quarter. The US dollar price corrected back to as low as US$ 1,319.00-Oz on 28 January (all price refer to London PM Fix unless otherwise specified). However it climbed to record high throughout March and continues to achieve new highs in April and May.

The price drop early Q1 generated a mix response among investors in ETFs and similar products. Notably, ETFs listed in US & UK markets experienced net redemption during the quarter. In most of the markets, however, ETFs experienced net inflows, with investors using the lower prices as an opportunity to add to their positions. Demand for ETFs and similar products in India are suggestive of a rising trend, reinforced by the launch of new gold mutual funds (which tend to be easier for Indian investors to access) during the quarter.

Investment demand for gold bars and coins was driven by: a dip in prices in January; high inflation in a number of countries; concern over euro area credit worthiness; unrest in the Middle East and Northern Africa. We believe conditions remain such that investment demand will continue to draw strength from these factors. Ongoing problems in Europe, highlighted by the recent S&P downgrade of credit ratings for both Greece and Portugal, are keeping the spotlight on regional sovereign debt concerns. Additionally, the central banks of both India and China have raised interest rates to combat persistent high inflation, while Middle Eastern tensions continue.

India and China continue to act as the main engines of growth, accounting for 63% of total Q1 gold jewellery demand. The jewellery sector saw a steady rise during the first quarter of 2011, with demand of 556.9 tonnes 7% higher than the same period in 2010. China’s jewellery demand jumped 21% year-on-year to a new quarterly record of 142.9 tonnes, while Indian jewellery demand rose 12% during the corresponding period to 206.2 tonnes.

Demand

Gold Demand	2009	2010	YoY (%)	Q1’10	Q1’11*	YoY (%)
Jewellery	1,814	2,017	11%	521	557	7%
Technology	410	466	14%	114	114	0%
Investment	1,395	1,487	7%	246	311	26%
Gold demand	3,618	3,971	10%	881	981	11%
OTC and stock flows	463	185	-60%	7	-128	-
London PM fix, $/oz	972	1,225	26%	1,109	1,386	25%

*Provisional
Source: GFMS, LBMA, WGC

First quarter gold demand measured 981.3 tonnes, 11% up on year-earlier trends. This increase, which was largely attributable to a widespread rise in investment demand for bars and coins, was further enhanced by an improvement in jewellery demand in a number of key markets. In value terms, this translated to globl demand of US $43.7bn in the first three months of the year, compared with US $31.4bn in Q1 2010, an increase of almost 40%.

The quarterly average gold price posted its eighth consecutive year on year increase, hitting a new record of US $1,386.27/oz (as per London PM Fix).

The strongest growth in overall gold demand was generated by the investment sector. First quarter investment demand growth, of 26% year-on-year to 310.5 tonnes, was largely attributable to a significant (62%) increase in demand for gold bars. Of the major markets, China displayed the strongest growth as inflation concerns took root and consequently assumed the position of the largest single investment market for bars and coins in the quarter.

India and China, the two largest markets for gold jewellery, together accounted for 349.1 tonnes of gold jewellery demand, a value of US $16bbn. Bullish price expectations and dosmestic inflation concerns, coupled with stronger local currencies, helped to drive demand in both countries. However, consumers in the West and in the Middle East were largely dettered by higher average prices and jewellery demand was correspondingly weak.

A year on year increase in total mine supply during the first quarter was more than counterbalanced by the combined effect of a decline in the supply of recycled gold and a significant increase in net purchases by th eofficial sector. While mine production rose by 7%, overall supply declined by 4% from Q1 2010 to 872.2 tonnes.

Supply

Gold Supply	2009	2010	YoY (%)	Q1'10	Q1'11*	YoY (%)
Total mine supply	2,353	2,586	10%	602	654	9%
Official Sector Sales	34	-76	-	-59	-129	-
Recycled gold	1,695	1,645	-3%	369	348	-6%
Total Supply	**4,081**	**4,155**	**2%**	**912**	**872**	**-4%**

*Provisional
Source: GFMS, LBMA, WGC

In Q1, the total supply of gold slipped by 4% year-on-year to 872.2 tonnes. While both elements of total mine supply (mine production and net producer hedging) contributed positiviely to total supply, this effect was more than outweighed by changes in official sector and recycling activity, both of which had a negative impact.

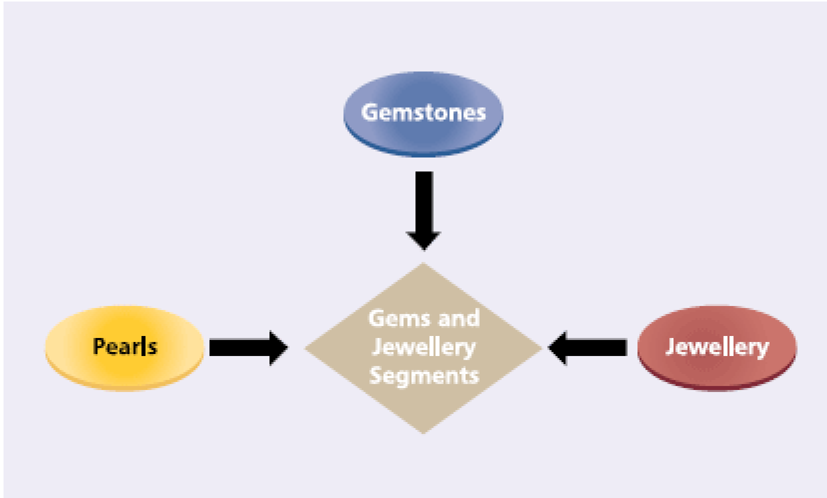
Mine production is estimated to have increased by 44 tonnes year on year, a growth rate of 7%. Mine production increased across range of countries and regions and the growth reflects a combination of new project start ups, expansion of existing projects and re-starting of suspended operations.

The main contributor to this activity was Mexico, which reported purchases of 93.3 tonnes throughout the quarter. The bank apparently made sizeable purchases in both February (14.8 tonnes) and March (78.5 tonnes), as a result of which its gold reserves are now in excess of 100 tonnes. Mexico seems to be following the trend established by several other central banks recently in moving toward restoring a prior balance between gold and currency reserves. As a result of the increase, Mexico's gold now accounts for 3.6% of total reserves compared with 0.2% prior to the purchase.
(Source: World Gold council)

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 locationsIn 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 jewelry 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

In order to open a new avenue for the bullion trader community with improved trading practices and increased delivery centres, the recent strategic tie-up between Bombay Bullion Association (BBA) and Indian Commodity Exchange Ltd (ICEX) has opened an avenue to harness the huge investment potential lying with the small and the unorganised players. It further offers membership to all the BBA members. It further, jointly deepens the markets in order to encourage wider participation, by providing multiple delivery centres across the country by leveraging on MMTC's and BBA's pan-India network. BBA will be an important stake holder in exchange's efforts in strengthening the delivery infrastructure and also in launching customised contracts suited to requirements of Indian markets.

In a move to boost the industry, the government has formulated new rules for faster clearance of import and export consignments of specific goods including jewellery and gems.

Furthermore, the government has incorporated some other measures like providing interest subvention of 2% to labour intensive export sectors and duty drawback facilities, in order to promote gems and jewellery export.

The Road Ahead

The Gems and Jewellery Export Promotion Council has initiated IIJS Signature to promote India as the preferred source for jewellery and eventually build brand 'India'. Signature was conceptualised to showcase India's ability to produce quality jewellery that will match the lifestyle trends world over.

Further, the All India Gems & Jewellery Trade Federation (GJF) recently held the first of its kind leadership summit for the jewellery industry in an effort to corporatise the ways of working and streamlining policies.

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 146 & 14 respectively, of this DRHP. 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 name of "Kalamandir". We have a network of 12 retail outlets spread across South India.

We started as a retailer of sarees in Hyderabad in August 2005. As on the date, we operate 12 retail outlets and these outlets are cumulatively spread over in more than 97,621 square feet.

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

- Sarees
- Women's dress materials
- 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 ₹2,00,000.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, 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 oulets under franchise model. For this our company had entered into two franchise arrangements, one for Hyderabad Retail Outlets and another for Bengaluru Retail Outlets with Tanmai Jewellers private Limited and Sai Swarnamandir Jewellers Private Limited on April 1, 2008 and April 1, 2009 respectively. However presently, we only have franchise arrangement with Sai Swarnamandir Jewellers Private Limited for display and sale of their gold and silver jewellery in our retail outlets located at Jayanagar and Malleshwaram, Bengaluru.

Our company was set up as a Partnership Firm vide Deed of Partnership entered between Mr. Chalavadi Naga Kanaka Durga Prasad and Ms. 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 Chalavadi Jhansi Rani. They are founder promoters of our company and have extensive experience in the garment 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	Ready made dresses
Striped Shirts	Ethnic Wear
Trousers	Salwar Kameez and Dupatta (SKD)
Casual wear	
Patchwork Shirts	
Embroidery Shirts	
Mix & Match Shirts	
Denim	
Cargo	

The details of our products and their sales in FY 2009-10, FY 2008-09 and FY 2007-08 are given below:

Products	Volume (No. of Pieces)		
	FY 2009-10	FY 2008-09	FY 2007-08
Womens wear			
Sarees-Pattu	70,714	52,041	30,623
Other Sarees	5,03,365	4,38,612	3,78,235
Mens wear	84,493	1,14,162	68,199
Kids wear	1,88,276	2,64,302	1,45,011

Jewellery Business

To provide ease and comfort of shopping and one-stop shopping experience to our customer especially for weddings, our company has entered into retailing of jewellery business through Franchisee Arrangement with its group concern Sai Swarnamandir Jewellers Private Limited ("SSJPL") vide agreement dated April 1, 2009.

In terms of the agreement, our company will display and retail all kinds of gold jewellery and silver articles in its retail outlets at Jayanagar, Malleswaram and Marathahalli, Bengaluru. However, as on date we are not selling from Marathahalli retail outlet. Our company shall generate the sales bill and all the collection with respect to sales will be done by our company. Our company shall make the payment to SSJPL after deducting an amount of 2% on the sales proceeds.

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 an estimated project cost of ₹ 1120 lakhs.

Our Board of Directors in their meeting held on August 4, 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 5 years. In order to diversify the existing business, the Company entered into the business of power generation through Non-conventional energy sources. However, the proposed line of business activity being relatively new to the Company as well as to its promoters, it was decided to make cautious moves and understand the typical business model in a better way. It was also decided to obtain the basic approvals from the concerned authorities and departments before approaching the members of the Company for their consent.

As a first step in this regard, our Company engaged Shriram EPC Ltd., Chennai, as EPC Contractor, to set up the business on its 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 order with Shriram EPC Ltd on August 11, 2010. Shriram EPC Ltd. shall 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 obtained allotment of Wind Farm Power project 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 4 MW capacity wind farm project for the purpose of generation of wind power. Shriram EPC Ltd. has obtained necessary approvals required to set up the Wind Farm Power Project from NEDCAP.

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 transfer vide its letter no. NEDCAP/WE/4694/2010 dated August 16, 2010. Our Company entered into an agreement with NEDCAP on August 17, 2010 for setting up the said Wind Farm Power Project at Kondamedapally, Kurnool District, Andhra Pradesh.

In order to make financial arrangements for the proposed 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., power generation was not germane to the existing line of business, it was 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 held on February 17, 2011, for amending the Memorandum of Association and enabling the Company to commence and carry on the business of generation of electricity. The special resolution approving the amendement was passed in the said EGM.

Shriram EPC Ltd. has commenced the implementation of the Wind Farm Power Project and has completed the installation and got commissioned 4 WEGs out of the said 8 WEGs by March 31, 2011. The remaining 4 WEGs are in the process of being commissioned. A Power Purchase Agreement (PPA) dated March 31, 2011 with Andhra Pradesh Central Power Distribution Company Limited (APCPDCL) has been executed and a formal commissioning approval for 1MW wind power generation has been obtained on April 6, 2011.

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 ₹2, 00,000. The 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 fulfill 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 strong 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 an efficient 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 successfully 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. The 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 a highly 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, 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.

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 our Sarees, Women wear, Kids wear and Menswear.

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 **Hitech 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 ,

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:** In the heart of Bengaluru's IT hub.
- **Chikpet:** This is one among the largest wholesale and retail market 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 best quality sarees with regard to fabric, design, precision, durability and have put in place stringent quality control systems to ensure high quality of the saree. 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.

Franchisee Arrangement for Display and Sale of Jewellery in our Retail Outlets

We believe that we understand the taste and preferences of our target customers better. To provide ease and comfort of shopping and one-stop shopping experience to our customer especially for weddings, our company has entered into retailing of jewellery business through Franchisee 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 12 retail outlets in South India for display of our sarees at places like Hyderabad, Bengaluru, Guntur and Vijayawada. We propose to add 5 more retail outlets. The display of our sarees across these outlets which are scattered in different location helps to increases our customer base and enhances "Kalamandir" brand value.

Strengthening brand

We intend to develope and enhance exsiting 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 size vendors and manufacturers 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 Varanashi (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

- The company deals in the business of retailing of sarees under the brand name of "Kalamandir ". The brand gets promoted through advertisements on Television Channels, Hoardings, Brochures, Newspaper Advertisements, campaigns etc;
- The company caters to wide range of customers from the age group of 20 years to 60 years.
- The company offers variety of sarees for various occasions that helps in increasing the number of customers;
- The company is already 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 the 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 the 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 the 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 the 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 the company;
- Post WTO, India is exposed to greater International competition.

Overview of Our Operations

Retail Operations

Locations

Existing Shops/ Outlets

Currently 12 retail outlets are spread over about 97,621 sq.ft operated in South India, which are given as under:

Region	Total No. of Outlets
Southern:	**Lease**
• Hyderabad	5
• Bengaluru	5
• Vijayawada	1
• Guntur	1
Total	**12**

In addition to the above, we have Warehouse centre in Kukatpally, Hyderabad. Set forth below are details of the location of our existing outlets in Southern India.

Sr. No.	Leased Outlet	Location
		Hyderabad
1	Ameerpet	# 6-3-789, Pavani Prestige, Hyderabad-500016
2	Kukatpally	# 2-22-299/1/7A, P.R.R. Estate, KPHB Main Road, Hyderabad-500072
3	Dilsukhnagar	# 16-11-515/1, Vijetha Navaratan Trade Center, Hyderabad-500060
4	Patny	Shop No.4, Hari Hara Kala Bhavan, Patny Secunderabad
5	Banjara Hills	H.No. 8-2-608/12, Ghaffar Khan Colony, Road No. 10, Banjara Hills, Hyderabad-500 034.
		Bengaluru
1	Jayanagar	# 568-60, 32nd Cross, 14th Main Rd, 4th Block, Jayanagar East, Bengaluru.
2	Malleshwaram	# 340 (old # 522), Jubilee Plaza, Sampangi Road, Malleshwaram, Bengaluru-560003
3	Marathahalli	Marathahalli Out Ring Road, Channapahalli,KR Puram, Opp:Richfield Apartments, Marathahalli, Bengaluru
4	M.G. Road	M.G.Road Boutique # 65 Blue Moon Complex, M.G.Road, Bengaluru
5	Chick Pet	D M Arcade, Chick Pet Main Road, Beside D S Lane,Bengaluru
		Guntur
1	Guntur	#6-29-26, Opp: Water Tank, Koritepadu Main Road, Guntur-522007
		Vijayawada
1	Vijayawada	Door No. 27-16-61, Besant Road, Governorpet, Vijayawada -520002

Sr. No.	Distribution & Warehouse Centre	Location
1	Kukatpally	2-23-1/3, plot no 3, survey no. 148, Sathavahana Colony, Kukat pally, Hyderabad-500072

Proposed Shops/ Outlets

The below mentioned 5 retail outlets are proposed to be set up in South India which is as follows:

Region: Southern	Total No. of Outlets
Rajahmundry	1
Vishakhapatnam	1
Nellore	1
Chikpet, Bengaluru	1
T Nagar, Chennai	1
Total	**5**

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, colors 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. **Oulets 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 procurements 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 labor and supply us the manufactured hand woven sarees to us.

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 centers 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	Proposed	Total
Top / Senior Level Management	07	01	08
Middle Level Management	80	05	85
Lower Level Management	180	45	225
Total	**267**	**51**	**318**

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

We are not in export business and do not have any export obligation.

Collaboration

We have not entered into any collaboration with any one in respect to our business.

Properties

A. Details of Offices:

Sr. No.	Details of Agreement	Name of the Other Party	Relationship with the Company	Brief description of property	Agreement valid upto	Monthly Rent as per agreement *(in ₹)*	Approx area *(sq. ft)*
1.	Lease Deed dated 01.01.2009	Mr. Sainath Bathina	None	Flat No. 1, Bathina Apartment, 6-3-790/8, Ameerpet, Hyderabad. (Registered Office)	31.12.2012	5,000 *Plus* 35,000#	2,250
2.	Lease Deed dated 01.01.2008	Mr. Chalavadi Naga Kanakadurga Prasad	Promoter	Flat No. 3, Bathina Apartment, 6-3-790/8, Ameerpet, Hyderabad.	31.08.2011	15,000	1,250
					Total	55,000	3,500

Towards Hire Charges

B. Properties

The retail outlets through which the Company undertakes its retail activities are on lease / rental / contractual basis. The details are as under:

Sr. No.	Details of Agreement	Other Party Name	Relationship with the Company	Brief description of property	Monthly Rent/ Commission as per agreement* *(in ₹)*	Agreement valid upto	Approx area *(sq. ft)*
				HYDERABAD			
1.	Lease Deed dated 03.12.2002	Shri K. Krishna	None	Commercial Shop Unit No. G-1, Ground Floor, Pavani Prestige Commercial Complex, 6-3-789, **Ameerpet**, Hyderabad.	75,000/- subject to enhancement by 15% after expiry of every 2 years	14.12.2011	1553
2.	Lease Deed dated 03.12.2002	Smt. K. Narasamma	None	Commercial Shop Unit No. G-2, Ground Floor, Pavani Prestige Commercial Complex, 6-3-789, **Ameerpet**, Hyderabad	75,000/- subject to enhancement by 15% after expiry of every 2 years	14.12.2011	1660
3.	Lease Agreement dated 02.12.2006 read with	M/s P.R.R. Estate	None	Commercial Shop Unit No.G-1, on the Ground, First, Second and Third Floor, situated at premises	32.10 per sq.ft	31.11.2016	21,600

Sr. No.	Details of Agreement	Other Party Name	Relationship with the Company	Brief description of property	Monthly Rent/ Commission as per agreement* *(in ₹)*	Agreement valid upto	Approx area *(sq. ft)*
	registered Rectification Deed dated 16.10.2009			bearing municipal permission No.G1/174/BA/1756/2006-2007, **Kukatpally**, Hyderabad.			
4.	Lease Deed dated 13.09.2010	1. Syed Abdul Kareem 2. Syed Zuhair Kareem 3. Syeda Saba Kareem	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 and 7% p.a. for the last three years	30.06.2019	2,500
5.	Lease Deed dated 10.09.2010	1. Syed Abdul Kareem 2. Syed Zuhair Kareem 3. 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
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 permission 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
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
GUNTUR							
8.	Franchise Agreement dated 20.12.2007	M/s. Kiran Showroom	None	Ground, First & Second Floor, Koritipatu Main Road, Opp. HLR Water Tank, **Guntur**	3,00,000/- subject to enhancement of 15% at the end of 36 months from the date of agreement	19.12.2016	8,000
SECUNDERABAD							
9.	Franchise Agreement	SSS Marketing	Related Party	Shop No. 4, Harihara Kala Bhavan,	1,50,000 or 2% of sales turnover,	31.07.2020	2,959

Sr. No.	Details of Agreement	Other Party Name	Relationship with the Company	Brief description of property	Monthly Rent/ Commission as per agreement* *(in ₹)*	Agreement valid upto	Approx area *(sq. ft)*
	dated 04.08.2010			**Secunderabad**.	whichever is higher		
				BENGALURU			
10.	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
11.	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
12.	Memorandum of Understandin g dated 06.10.2008	1. Shri Uttamcha nd 2. Shri Inderchan d 3. Smt. Leela Bai w/o (late) Mangilal 4. Sri. Mohanlal 5. Sri Suresh Kumar 6. M/S DM ARCADE	None	D.M Arcade, 1st & 2nd Floor along with terrace, Dharamarayaswamy Temple Main Road (formerly O.T.C. Road), **Chikpet**, Bangalore.	4,91,000/- subject to escalation of 15% every three years till nine years and 22% thereafter till fifteen years	30.11.2023	6,300
13.	Agreement to Lease dated 01.11.2007	M/s VKP Properties – registered partnership firm	None	Jubilee Plaza, #340 (Old#522), Sampige Road, **Malleswaram**, Bangalore.	6,00,000/- subject to escalation @ 5% every year	30.11.2012	3,600
14.	Agreement of Lease dated 03.04.2008 read with Supplemental Lease Agreement dated 12.05.2008	Sri Kodandaram areddy Sunil Reddy	None	Entire building situated at No. 1/147/Survey No. 36, Sri Yeshodha Mansion, together with the adjoining piece and parcel of land bearing Site No. 1 Chinnappana Halli Village, Outer Ring	5,00,000/- subject to enhancement by 15% after every three years from August, 2011	14.08.2022	14,000+ 1,200

Sr. No.	Details of Agreement	Other Party Name	Relationship with the Company	Brief description of property	Monthly Rent/ Commission as per agreement* *(in ₹)*	Agreement valid upto	Approx area *(sq. ft)*
				Road, **Marathalli**, Bangalore.			
15.	**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 from the date of agreement	28.02.2013	1,300
16.	MOU dated 04.04.2011 read with Addendum to MOU dated 25.04.2011	P. Sathyanarayana, P. Surendra, P.Srinivasa, P. Srirama	None	No. 245, Ground Floor, 1st Floor, along with terrace, **Chikpet Main Road,** Bangalore	6,00,000/- subject to enhancement of 15% on completion of every three years from 01.08.2011	14.08.2025^	3800

** Rent exclusive of taxes.*
#Charges towards amenties
^ Rent & operations to commence from 15.08.2011

C. Warehousing

The Company has in place centralized distribution centre at Kukatpally, Andhra Pradesh (details provided below) wherefrom it undertakes its warehousing and distribution activities:

Sr. No.	Details of Agreement	Name of the Other Party	Relationship with the 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
						Total	28,084

D. Details of Land for Wind Power Plant

Sr. No.	Details of Agreement	Brief description of property	Consideration paid (*in ₹*)	Relationship with the Company/ Promoters
1.	Registered Sale Deed (No. 153/2011) dated 08.02.2011 entered into between the 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

The aforesaid land is registered in the name of the Company and is in peaceful possession and enjoyment of the same free from encumbrances. The Company has marketable and clear title over the said land and is the rightful owner and having legal rights on the said land.

INSURANCE

The 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
			Stocks	*FFF*	*Money Insurance*	*Plate Glass*	*Public Liability*			
RETAIL OUTLETS- Shop Owners' Comprehensive Insurance Policy										
1.	SSO-006927-000-03	Kukatpally Main Road, **Kukatpally**, Hyderabad.	18,00,00,000*	5,50,00,000*	15,00,000	12,00,000	10,00,000	23,87,00,000	30.01.12	1,44,592
2.	SSO-006926-000-03	Dilsukh Nagar Main Road, **Dilsukh Nagar**, Hyderabad.	16,00,00,000*	4,40,00,000*	15,00,000	5,00,000	10,00,000	20,70,00,000	30.01.12	1,23,705
3.	SSO-010669-000-02	Ameerpet, Main Road, **Ameerpet**, Hyderabad.	12,00,00,000*	1,00,00,000*	15,00,000	3,00,000	10,00,000	13,28,00,000	30.01.12	81,941
4.	SSO-029339-000-00	H.NO-27-16-61, Near Fish Market, Besent Road, Governerpet, **Vijayawada**.	14,00,00,000*	1,50,00,000*	15,00,000	3,00,000	10,00,000	15,78,00,000	07.11.11	98,526

Sr. No.	Policy No.	Location of property Insured	Particulars of property insured					Total Sum Insured	Valid upto	Premium + Taxes
			Stocks	*FFF*	*Money Insurance*	*Plate Glass*	*Public Liability*			
5.	SSO-006999-000-03	D. No. 6-29-26, Mother Therisa Circle, Beside HP Petrol Pump, **Guntur**, Andhra Pradesh	6,40,00,000*	50,00,000*	15,00,000	1,00,000	10,00,000	7,16,00,000	30.01.12	47,333
6.	SSO-026537-000-00	No. 4 Hari Hara Kala Bhavan, Patny, **Secunderabad**, Andhra Pradesh	10,00,00,000*	90,00,000*	10,00,000	3,00,000	10,00,000	11,13,00,000	07.10.11	70,077
7.	SSO-026937-000-00	H. No. 8-2-608/12, Ghaffar Khan Colony, Road No. 10, **Banjara Hills**, Hyderabad.	10,00,00,000*	3,00,00,000*	15,00,000	6,00,000	10,00,000	13,31,00,000	12.02.12	82,622
8.	SSO-009108-000-03	**M.G. Road**, Bangalore, Karnataka.	2,00,00,000*	40,00,000*	9,00,000	50,000	5,00,000	2,54,50,000	30.01.12	17,231
9.	SSO-010957-000-02	#202, D.M. Arcade, **Chikpet** Main Road, Bangalore.	10,00,00,000*	5,40,00,000*	15,00,000	5,00,000	10,00,000	15,70,00,000	30.01.12	96,230
10.	SSO-009107-000-03	**Maratha Halli**, Bangalore, Karnataka.	13,00,00,000*	3,50,00,000*	15,00,000	5,00,000	5,00,000	16,75,00,000	30.01.12	99,398
11.	SSO-006928-000-03	H. No. 340, Old No. 522, Jubilee Plaza, Sampige Road, **Malleswar**	12,50,00,000*	3,70,00,000*	15,00,000	2,00,000	10,00,000	16,47,00,000	30.01.12	98,972

Sr. No.	Policy No.	Location of property Insured	Particulars of property insured					Total Sum Insured	Valid upto	Premium + Taxes
			Stocks	*FFF*	*Money Insurance*	*Plate Glass*	*Public Liability*			
		am, Bengaluru.								
12.	SSO-006921-000-03	#1402 (Old No. 141), 32, 2nd Cross, 14th Main Road, 4th Block, **Jaya Nagar**, Bangalore.	14,40,00,000*	3,70,00,000*	15,00,000	2,00,000	10,00,000	18,37,00,000	30.01.12	1,09,417
				WAREHOUSING						
13.	PBG-00009188-000-03 (Burglary & housebreaking 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	30.01.12	8,934
14.	2130/00008494/000/00 (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	30.01.12	61,199
							Total	**191,26,50,000**		

** Sum insured is aggregate of 50% amount towards Fire and 50% towards Burglary& Housebreaking*

CAR / VEHICLE INSURANCE

Sr. No.	Policy No.	Insurer	Policy Type	Vehicle (No. / Model) Insured	Valid upto	Sum Insured	Premium + Taxes
1.	1803702311002044	Reliance General Insurance	Private Car Vehicle Certificate cum Policy	Toyota, Fortuner 3.0L, 4WD MT	29.09.2011	18,66,759	53,250

Sr. No.	Policy No.	Insurer	Policy Type	Vehicle (No. / Model) Insured	Valid upto	Sum Insured	Premium + Taxes
2.	3003/60535638 /00/000	ICICI Lombard General Insurance Company Limited	Motor Insurance, Goods Carrying Vehicle	Tata Winger	28.07.2011	5,60,089	15,814
3.	3385/00302056/ 000/01	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	AP-09BQ-3843 Honda City ZX 1.5 GXI MT, Sedan	12.11.2011	5,44,680	14,272
4.	3385/00366990/ 000/01	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	KA-42-Z-0006 Toyota Innova VX 7 STR, Saloon	04.06.2011	8,18,717	23,882
5.	VHP/01018939	Royal Sundaram Alliance Insurance Company Limited	Private Car Package Policy	Honda City 1.5 SMT, Sedan	27.01.2012	8,49,585	21,980
6.	OG-11-1802-1801-00006927	Bajaj Allianz General Insurance Company Limited	Private Car Package Policy	Volkswagon Vento	30.01.2012	7,90,300	39,304
7.	3379/00309367/ 000/02	Chola MS	Package – Goods Carrying Vehicle	KA-05-AB-7352 TATA MOTORS ACE BASE, Truck	29.11.2011	1,80,677	8,061
8.	3385/00302857/ 000/01	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	KA-51-Z-6 MARUTI SWIFT VDI, Saloon	29.11.2011	3,62,853	16,413
9.	3385/00311995/ 000/01	Chola MS	Chola Protect 360 – Pvt. Car Package Policy with Add-on covers	AP-24-M-0006 HYUNDAI GETZ GVS, Saloon	17.04.2012	2,40,570	8,968
10.	2311200010796 400000	HDFC ERGO General Insurance Company Limited	Private Car Package Policy	Toyota Kirloskar Motor Pvt. Ltd. Innova – 2.5 VX – 7 SEATER	02.06.2011	11,53,808	32,009
					Total	**73,68,038**	

INTELLECTUAL PROPERTY

Currently, the Company does not have a registered trademark. The trademark "KALAMANDIR" (No. 1384933) under Class 24 is registered in the name of the Company's Promoter, Ms. Jhansi Durga Prasad and the Company has entered into a License cum User agreement on October 1, 2005 for using this trademark for a period of 10 years.

In order to formalize the arrangement, the Promoter has agreed for the use of the said trade mark by the Company as a Registered User by entering into an agreement on the conditions inter alia that the Company shall be authorized to 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 a maximum of ₹ 49,00,000 per annum. Since the proposed arrangement with the Promoter is a related party transaction, the Company has initiated necessary steps for seeking approval from the Central Government to enter into the agreement with the Promoter. Thereafter, the Company shall apply to the Trade Mark Registry for using the said trademark as Registered User.

In addition to the above, the Company has made in aggregate 13 applications in December 2010 / January 2011 to the Trade Marks Registry, Chennai to get its trademarks "*ONLY SILK*", "*FASHION*", "*MANDIR*" and "*KALAMANDIR (Class 3 & Class 26)*" registered under the Trade Marks Act under different Classes. However, until its name is entered in the trademark register, the 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, the 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.

The Company, in its business of retail and establishing retail stores 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 Commercial 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 Ms. 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 ". We have a network of 12 retail outlets spread across South India.

We started as a retailer of sarees in Hyderabad in August 2005 on a very modest scale with a Retail Outlet of 3500 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 12 retail outlets and these outlets are cumulatively spread over approx. 97,621 square feets.

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

- Sarees
- Women's dress materials
- 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 ₹2, 00,000.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, 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 jewellery in our outlets under franchise model. For this, our company had entered into two franchisee arrangements, one for Hyderabad retail outlet and another for Bengaluru retail outlet with Tanmai Jewellers private Limited and Sai Swarnamandir Jewellers Private Limited on April 1, 2008 and April 1, 2009 respectively. Presently, we have franchise arrangement only with Sai Swarnamandir Jewellers Private Limited in Bengaluru for display and sale of their gold jewellery in our outlets.

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 Farm Power Project having a capacity of 2 MW at Kondamedapally, Kurnool district, Andhra Pradesh at an estimated project cost of ₹ 1120 lakhs.

As a first step in this regard, our Company engaged Shriram EPC Ltd., Chennai, as EPC Contractor, to set up the business on its 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, we placed purchase order with Shriram EPC Ltd on 11th August, 2010, whereby Shriram EPC Ltd. shall 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.

M/s. Shriram EPC Ltd. has since commenced the implementation of the Wind Farm Power Project and has completed the installation and got commissioned 4 WEGs out of the said 8 WEGs by 31 March 2011. The remaining 4 WEGs are expected to be commissioned shortly. A Power Purchase Agreement (PPA) dated March 31, 2011 with Andhra Pradesh Central Power Distribution Company Limited (APCPDCL) has been executed and formal commissioning approvals for 1MW wind power generation have been obtained on April 6, 2011.

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 Ms. Chalavadi Jhansi Rani as partners
	Started the First Retail Outlet in Ameerpet, Hyderabad
	Entered into user agreement for the brand name " Kalamandir" with Ms. 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 Malleshwaram, 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 Nineth Retail Outlet in Chikpet, 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

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 woolen 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 the company 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 Draft Red Herring Prospectus.

Shareholders Agreements

Our Company does not have any Shareholders' Agreement existing as on date of filing this Draft Red Herring Prospectus.

Strategic/ financial Partners

Our Company does not have any financial / Strategic partners as on date of the Draft Red Herring Prospectus.

Material / Other Agreements

Our Company does not have any Material / Other Agreements existing as on date of the Draft 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 8 Directors on our Board.

The following table sets forth details regarding our Board as on the date of this Draft 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, 2012 **Occupation:** Business **DIN:** 01929166	B.Com, MBA	43	Chairman & Managing Director Executive and Non-Independent	➢ Sai Swarnamandir Jewellers (P) Ltd. ➢ Media 6 (INDIA) 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, 2012 **Occupation:** Business **DIN:** 02689280	B.Com, MCA	41	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:** Upto May 31, 2012 **Occupation:** Business **DIN:** 02428313	B.Com, LLB PGDBM;	36	Whole time Director Executive and Non-Independent	➢ Media 6 (INDIA) Private Limited
Mr. Lodugu Balaram Reddy **S/o:** Lodugu Venkata Reddy **Address:** 310, Emeald Apartments,	B.Com, FCA	68	Director Independent & Non-	➢ KNR Constructions Ltd ➢ New Era Insurance

Name, Father's Name, Address, Occupation and Term, and DIN	Qualification	Age	Designation and Status	Other Directorships
Panjagutta, Hyderabad - 500082 **Date of appointment:** April 1, 2011 **Term:** Up to date of next AGM **Occupation:** Profession **DIN:** 00956445			Executive	Broking Company Limited
Mr. Naveen Nandigam **S/o:**Laxminarasimha Rao Nandigam **Address:** H No. 1-3-183/40/21/E, Plot No. 9, P and T colony, Kavadiguda, Gandhi Nagar. Hyderabad - 500080 **Date of appointment:** April 1, 2011 **Term:** Upto date of next AGM **Occupation:** Profession **DIN:** 02726620	B.Com (Hons), FCA	49	Director Independent & Non-Executive	➢ Avantel Limited
Mr. Jineshwar Kumar Sankhala **S/o:** Goutam Chand Sankhala **Address:** Flat No-306, Chandra Apartments, SBI Colony, Gandhi Nagar, Hyderabad - 500080 **Date of appointment (to Laxmi Nivas Jaju) :** April 1, 2011 **Term:** Liable to retire by rotation **Occupation:** Service **DIN:** 03519040	B. Com, ACS	29	Alternate Director 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:** 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)	41	Director Independent & Non-Executive	➢ Kenexa Technologies Private Limited ➢ Bhrugu Realtors Private Limited ➢ Healthy Agro Enterprises 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)	58	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 DRHP.

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 Srinivascustomers, 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 5 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 of the 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 4 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 the Company in Bengaluru.

Mr. Annam Kalyan Srinivas is also the Whole-Time Director of our Company. He also graduated in of 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 the Company. He has also played key role in expansion of retail business of the Company in Bengaluru.

Mr. Lodugu Balaram Reddy is our Non Executive and Independent Director. He graduated in Commerce from Osmania University. He is a fellow member of Institute of Chartered Accountants of India (ICAI). He has over three decades of experience in the banking industry. He was a General Manager of Syndicate bank during the period 1997- 1999. He is a partner in M/s L.B.Reddy & Co, Practicing Chartered Accountants. . He is also an Independent Director and Chairman of Audit committee of KNR Constructions Ltd and Director of New Era Insurance Broking Company Limited.

Mr. Naveen Nandigam is our Non Executive and 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 and 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 4 years of experience as Corporate Professional.

Ms. Anita Sakuru is our Non Executive and Independent Director. She has passed out as Master of Business Administration from Kellogg School Management, Chicago, USA and also a 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, Healthy Agro Enterprises Private Limited, Vanalaxmi Agro Farms Private Limited, Green Managoes Cinema Private Limited, Ekam Mobile Technologies Private Limited.

Mr. Laxminivas Jaju is our Non Executive and Independent Director. He passed out as 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 related as 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 is required to hold any qualification Equity Shares in our Company. The Directors' Shareholding as on the date of the DRHP 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 146 and Page 137 of this Draft 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 Draft Red Herring Prospectus, Our Company has not entered into any Contracts, Agreements, Arrangements during the preceding two years from the date of Draft 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	10,00,000	--	--	10,00,000
Mr. Annam Subhash*	1,00,000	--	--	1,00,000
Mr. Nitin Siddamsetty**	--	90,000	--	90,000
Mr. Anita Sakuru	--	90,000	--	90,000
Mr. Laxminivas Jaju	--	50,000	--	50,000

* Resigned w.e.f June 1, 2009
**Resigned w.e.f April 1, 2011

TERMS AND CONDITIONS OF APPOINTMENT OF EXECUTIVE DIRECTORS

Mr. Chalavadi Naga Kanaka Durga Prasad, Chairman & Managing Director

Mr. Chalavadi Naga kanaka Durga Prasad has been appointed as the Chairman & Managing Director of the Company pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of Companies Act, 1956 and vide approval of the members of the Company at the Annual General Meeting held on July 3, 2009 for a period of 3 years with effect from June 1, 2009 at a monthly remuneration of ₹ 3, 00,000/- as approved by the Remuneration Committee.

Mr. Chalavadi D K Durga Rao, Whole time Director

Mr. Chalavadi D K Durga Rao has been appointed as the Whole-Time Director of the Company pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of Companies Act, 1956 and vide approval of the members of the Company at the Annual General Meeting held on July 3, 2009 for a period of 3 years with effect from June 1, 2009 at a monthly remuneration of ₹ 1, 00,000/- as approved by the Remuneration Committee.

Mr. Annam Kalyan Srinivas, Whole time Director

Mr. Annam Kalyan Srinivas has been appointed as the Whole-Time Director of the Company pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of Companies Act, 1956 and vide approval of the members of the Company at the Annual General Meeting held on July 3, 2009 for a period of 3 years with effect from June 1, 2009 at a monthly remuneration of ₹ 1, 00,000/- as approved by the Remuneration Committee.

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 Draft Red Herring Prospectus are as follows:

Name	Date of Appointment	Date of Cessation	Reasons for Appointment / Resignation
Mr. Chalavadi Naga Kanaka Durga Prasad	June 1, 2009	-	Appointed as Chairman & Managing Director
Mr. Annam Kalyan Srinivas	April 1, 2009	-	Appointed as Director
Mr. Annam Kalyan Srinivas	June 1, 2009		Appointed as Whole-Time Director
Mr. Chalavadi D K Durga Rao	June 1, 2009	-	Appointed as Additional Director and Whole-Time Director
Mr. Chalavadi D K Durga Rao	July 3, 2009	-	Appointed as Director in AGM
Mr. Nitin Siddamsetty	June 1, 2009	April 1, 2011	Pre-occupancy
Ms. Anita Sakuru	June 1, 2009	-	Appointed as Additional Director
Ms. Anita Sakuru	July 3, 2009	-	Appointed as Director in AGM
Mr. Laxminivas Jaju	June 1, 2009	-	Appointed as Additional Director
Mr. Laxminivas Jaju	July 3, 2009	-	Appointed as Director in AGM
Mr. Annam Subash Chandra Mohan	July 3, 2008	June 1, 2009	Pre-occupancy
Mr. Lodugu Balaram Reddy	April 1, 2011	-	Appointed as Additional Director
Mr. Naveen Nandigam	April 1, 2011	-	Appointed as Additional Director
Mr. Jineshwar Kumar Sankhala	April 1, 2011	-	Appointed as Alternate Director (to Laxmi Nivas Jaju)

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 8 directors on our Board, of which 5 i.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. Lodugu Balaram Reddy	Independent and Non-Executive Director
6.	Mr. Jineshwar Sankhala (Alternate Director to Mr. Laxmi Nivas Jaju)	Independent and Non-Executive Director
7.	Mr. Naveen Nandigam	Independent and Non-Executive Director
8.	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.

Presently, the committee consists of the following Directors:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Lodugu Balaram Reddy	Chairman	Independent
2.	Mr. Jineshwar Sankhala (Alternate Director to Mr. Laxmi Nivas Jaju)	Member	Independent
3.	Mrs. 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/ Inestors 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 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:

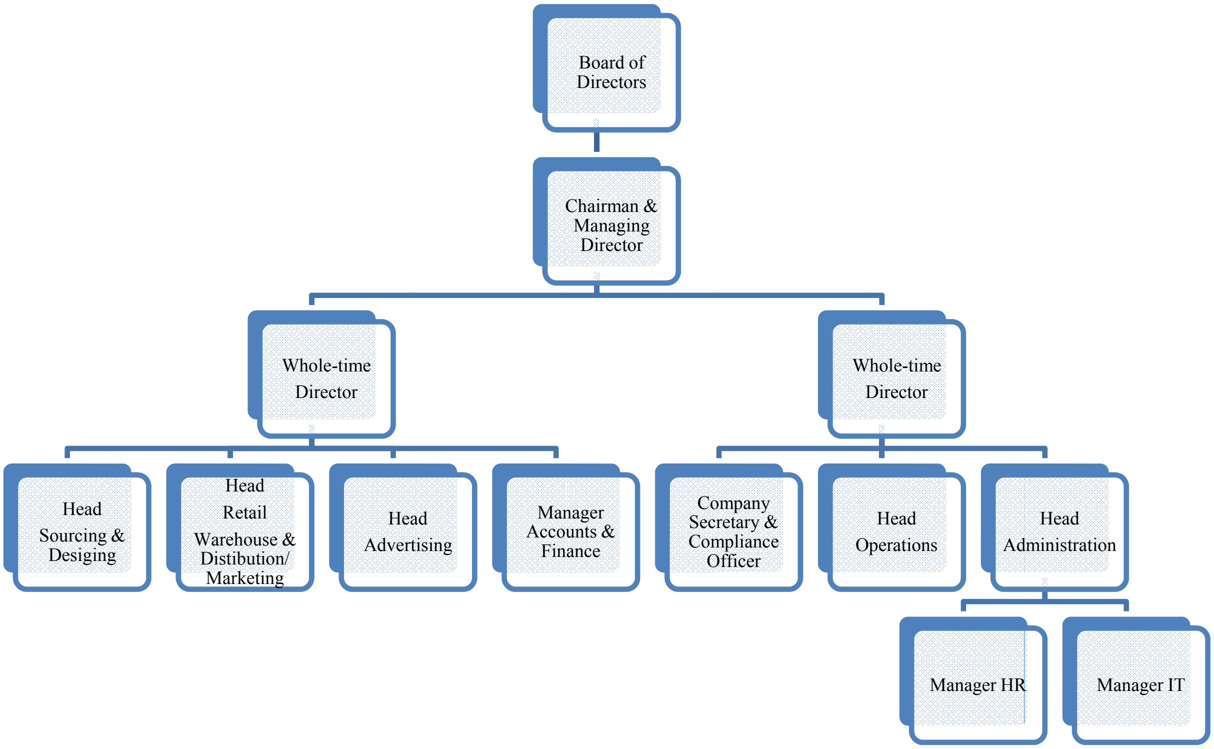
Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Naveen Nandigam	Chairman	Independent
2.	Mr. Jineshwar Sankhala (Alternate Director to Mr. Laxmi Nivas Jaju)	Member	Independent
3.	Mrs. Anita Sakuru	Member	Independent

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 2009-10	Functional Responsibility	Previous Employment
1.	**Mrs. Chalavadi Jhansi Rani** Head – Retail, Marketing,Warehouse and Distribution 42 Years	B. Com.	5	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** Head - Sourcing and Designing of the textiles 35 Years	PGPBA, B. Com	5	April 1, 2006	₹ 6,00,000 p.a.	In charge of Sourcing, Designing of the textiles and selection of readymade garments of our Company	Times Bank Ltd, Prathiba Advertising & Pearl Beverages Limited
3.	**Mrs. Annam Sowjanya** Head – Advertising 32 Years	PGDCA , B. Sc	4	September 28, 2005	₹ 3,00,000 p.a.	In charge of Advertising activities of our Company	Techno Computer Point & Sri Majety Guravaiah Degree College
4.	**Mr. Annam Venkata Rajesh** Head – Operations (AP) 32 Years	B. Com	5	December 12, 2007	₹ 6,00,000 p.a.	In charge of Operations of our company	3rd Eye Advertising Agency
5.	**Mr. Oruganti Ramakrishna** Manager – Accounts & Finance 37 Years	B. A.	5	September 28, 2005	₹ 1,80,000 p.a.	In charge of Finance & Account of our Company	SK Silks Private Limited
6.	**Mr. Ganeshan Vinod Kumar** Manager (IT) 37 Years	PGDBA, B. com	4	October 12, 2007	₹ 4,80,000 p.a.	In charge of Information & Technology of our Company	B2B Software Technologies Limited
7.	**Mr. M Sreenivasa Rao** Manager (Administrati	B. Com	23	November 12, 2007	₹ 1,98,000 p.a.	In charge of Administration of our Company	Indian Air Force

	on) 44 Years						
8.	**Mr. D Srinivas Prasad** Manager (Accounts & Admin.) 36 Years	B. Com, LLB	5	September 28, 2005	₹ 1, 21,200 p.a.	Liaisoning with Banks	SK Silks Private Limited
9.	**Mr. Soumith Kumar Sikinderpurkar** Company Secretary & Compliance Officer 26 Years	B.Com, ACS	2	May 2, 2009	₹ 3,00,000 p.a.	In charge of Secretarial and Compliance	Avantel Ltd.
10.	**Ms. K. Vani** Manager (HR) 25 Years	B.Sc, MBA	2	March 22, 2010	₹ 78,000 p.a.	In charge of HR activities of our Company	Sun Com Trade Pvt. Ltd.

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, Mrs. Annam Sowjanya and Mr. Annam Venkata Rajesh, 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 and husband of Ms. Annam Sowjanya.
- Ms. Annam Sowjanya is the Wife of Mr. Annam Subash Chandra Mohan, who is Brother in Law of Mr. Chalavadi Naga Kanaka Durga Prasad, our Promoter, Chairman & Managing Director and wife of Mr. Annam Subash Chandra Mohan.
- Mr. Annam Venkata Rajesh is the Brother in Law of Mr. Chalavadi Naga Kanaka Durga Prasad, our Promoter & Managing Director and brother of Mrs. Chalavadi Jhansi Rani and Mr. Annam Subash Chandra Mohan.

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
Ms. Annam Sowjanya	1,01,100	0.50
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 the 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, Ms. Annam Sowjanya, who holds 1,01,100 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 DRHP, nor such amount / benefit intended to be paid or given to any officer as on the date of the DRHP.

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 Draft Red Herring Prospectus are as follows:

Name	Date Of Appointment	Date of Cessation	Reason
Mrs. Chalavadi Jhansi Rani	July 03, 2008	-	Appointment
Mr. Annam Subash Chandra Mohan	July 03, 2008	-	Appointment
Ms. Annam Sowjanya	July 03, 2008	-	Appointment
Mr. Annam Venkata Rajesh	July 03, 2008	-	Appointment
Mr. Soumith Kumar Sikinderpurkar	May 01, 2009	-	Appointment
Ms. K. Vani	March 22, 2010	-	Appointment
Mr. Pedapudi Prasad	November 12, 2007	April 09, 2010	Cessation

OUR PROMOTERS AND PROMOTER GROUP

Details of Promoters being an Individual

1. Mr. Chalavadi Naga Kanaka Durga Prasad

Designation	Chairman & Managing Director
Personal Address	Flat 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 5 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 of the company. He is entrusted with taking strategic decisions of our Company. This has led to the successful expansion of our retail outlets in last 4 years.

2. Mrs. Chalavadi Jhansi Rani

Designation	Promoter
Personal Address	Flat 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 Marketing, Retail outlets in Hyderabad, warehouse and distribution of our Company. She was erstwhile partner in 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 will be 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 Draft 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 remenuration drawn from the company. Additionally 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 Draft 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 certain Promoter Group entities, see the section "Related Party Transactions" beginning on page no 173 of this Draft Red Herring Prospectus.

Except as stated otherwise in this Draft 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 173 of this Draft 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 D K Durga Rao	Brother	15,16,500	7.50%
Ms. Chalavadi Devamani	Daughter	22,24,200	11.00%
Ms. Chalavadi Jhansi Rani			
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 Draft Red Herring Prospectus as the “Group Companies”.

Group Companies:
- Sai Swarnamandir Jewellers Pvt Ltd
- Media 6 (INDIA) Private Limited
- M/s. Sai Readymades
- M/s. Sai Retail India

GROUP ENTITIES

1. Sai Swarnamandir Jewellers Pvt Ltd

Date of Incorporation	December 18, 2007.
CIN	U74999AP2007PTC056741
Registered Office	#6-3-790/8, Flat No.1, Bathina Apartments, Ameerpet, Hyderabad, Andhra Pradesh-500016.
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

Mr. Maddula Jaya Veera Venkata Durga Prakash has resigned as a director of the company with effect from June 1, 2009.

Shareholding Pattern

Sr.No.	Name of the Shareholders	No. of Shares Held	% Holding
1	Mr. Chalavadi Naga Kanaka Durga Prasad	35,08,000	70.87
2	Mr. Annam Subash Chandra Mohan	11,33,000	22.88
3	Mrs. Chalavadi Jhansi Rani	54,000	1.09
4	Mr. Annam Kalyan Srinivas	30,000	0.61
5	Mrs. Annam Suchitra	36,000	0.73
6	Mrs. Annam Sowjanya	58,000	1.17
7	Mr. Annam Venkata Rajesh	41,000	0.83
8	Mrs. Annam Bhavani	50,000	1.01
9	Mr. Chalavadi Durga Rao	40,000	0.81
	TOTAL	**49,50,000**	**100.00**

Brief Audited Financial Details:

(₹ In Lakhs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008 (4Months)
Equity Share Capital	495.00	350.00	10.00
Equity Share Application Money	87.93	436.03	340.00
Reserves & Surplus	387.16	41.51	9.47
Share Holders Funds / Net Worth	882.16	391.51	19.47
Sales	9394.13	6686.61	528.63
Profit / Loss After Tax	59.65	32.04	9.47
EPS (FV Rs 10)	1.21	0.92	9.47

NAV per share of FV ₹ 10/- each	17.82	11.19	19.50

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 Draft 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	383	3.83
5	Mr. Annam Venkata Rajesh	255	2.55
6	Mr. Chalavadi D K Durga Rao	255	2.55
	TOTAL	**10000**	**100.00**

Brief Audited Financial Details:

Since company has commenced operations on June 21, 2010, financial statement have not yet been audited.

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 Draft 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.

Partnership Firms

3. 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 were governed by a deed of Partnership dated August 10, 2005, having its principal place of business at Sona Bhanu Commercial Complex, 1-1-92/93/94, Opp: SBI Zonal Office, R.P. Road, Secunderabad - 500003. 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
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 Rajesh	10%

Brief 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,		
	2010	**2009**	**2008**
Partner's Capital Account	14.02	28.84	47.39
Total income	729.20	965.84	980.10
Net Profit/(Loss)	9.22	14.18	24.84

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.

4. M/s. Sai Retail India

Date of Formation	January 1, 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	65%
2	Mrs. Chalavadi Jhansi Rani	10%
3	Mr. Annam Kalyan Srinivas	8%
4	Mr. Annam Subash Chandra Mohan	2%
5	Mrs. Annam Suchitra	7%
6	Mrs. Annam Sowjanya	3%
7	Mr. Annam Venkata Rajesh	5%

Brief 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,	
	2010	2009
Partner's Capital Account	857.03	6.32
Total income	5765.34	1168.41
Net Profit/(Loss)	45.59	4.43

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.

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 agreemet / 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 139of this DRHP.

Related Party transactions with Group Companies

Other than as disclosed in the "Statement of Restated Related Party Transactions" on page no 173 of the Draft 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 transcation 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 17"* in the chapter titled "*Auditors' Report and Financial Information of our Company*" beginning on page no 173 of the Draft Red Herring Prospectus.

Changes in Accounting Period

There has not been change in the accounting period of the 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 146 of the Draft 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 DRHP, 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 DRHP, all the figures have been expressed in lakhs of Rupees, except when stated otherwise.

In this DRHP, 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 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	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
On Equity Shares							
Fully Paid up Share Capital	Nil	Nil	Nil	10,00,00,000	20,00,00,000	20,00,00,000	20,00,00,000
Face Value (₹)	Nil	Nil	Nil	10.00	10.00	10.00	10.00
Paid up value per share (₹)	Nil	Nil	Nil	10.00	10.00	10.00	10.00
Rate of Dividend	Nil	Nil	Nil	Nil	Nil	5.00%	Nil
Total Dividend	Nil	Nil	Nil	Nil	Nil	100.00	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 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) 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, 2006, March 31, 2007, 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 and December 31, 2010 (i.e. for the period April 1, 2010 to December 31, 2010) 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. Vithalani, 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 for the year/period that ended on March 31, 2006, March 31, 2007, 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 and December 31, 2010 (i.e. for the period April 1, 2010 to December 31, 2010) 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 **Annexure 3, Annexure 4 & Annexure 5** respectively to this report.

b) The Restated Statement of Profit and Loss of the Company for the year/period that end March 31, 2006, March 31, 2007, 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 and December 31, 2010 (i.e. for the period April 1, 2010 to December 31, 2010) 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 **Annexure 3, Annexure 4 & Annexure 5** 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, 2006, March 31, 2007, 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 and December 31, 2010 (i.e. for the period April 1, 2010 to December 31, 2010) proposed to be included in the Draft 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	Statement of Accounting Policies for the Restated Accounts	Annexure 3
4	Notes to Accounts	Annexure 4
5	Notes to Adjustments in restated Accounts	Annexure 5
6	Cash Flow Statements	Annexure 6
7	Statement of Restated Accounting Ratios	Annexure 7
8	Statement of Dividend declared/distributed	Annexure 8
9	Statement of Unsecured loans, As Restated	Annexure 9
10	Statement of Capitalization	Annexure10
11	Statement of Restated Tax Shelter	Annexure11
12	Secured Loans	Annexure12
13	Statement for Investments	Annexure13
14	Statement showing age wise analysis of Sundry Debtors	Annexure14
15	Statement of Loans and Advances	Annexure15
16	Statement of Breakup of Other Income	Annexure16
17	Statement of Related Party Disclosures	Annexure17
18	Statement of Working of Paid Up Capital	Annexure18
19	Statement of Contingent Liablities	Annexure19

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 3, Annexure 4 & Annexure 5** 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. Vithalani, 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: May 16, 2011

Annexure 1

SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹ In Lakhs)

Particulars	31.03.2006	31.03.2007	31.03.2008	2.07.2008*	31.03.2009*	31.03.2010	Period Ended Dec.2010
Fixed Assets							
Gross block	114.48	387.02	1117.48	1168.51	1783.59	1863.14	2147.46
Less: Depreciation	2.42	16.96	54.13	76.40	147.95	264.26	362.68
NET BLOCK	112.06	370.06	1063.35	1092.11	1635.64	1598.88	1784.77
Capital Work-in-Progress	0.00	0.00	0.00	0.00	0.00	1.39	76.77
TOTAL- FIXED ASSETS (A)	**112.06**	**370.06**	**1063.35**	**1092.11**	**1635.64**	**1600.27**	**1861.54**
Investments (B)	**-**	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**-**
Current Assets, Loans and Advances:							
Inventories	513.95	1646.74	2359.88	3592.31	5642.47	5227.35	7951.20
Receivables	14.20	86.13	156.21	163.47	454.24	402.13	253.48
Cash and bank	21.19	5.66	290.78	130.73	59.77	106.05	95.02
Loans and advances	120.11	229.48	73.07	529.04	101.39	105.65	463.31
Other Current Assets	198.56	372.34	572.21	668.86	457.90	450.65	725.56
TOTAL(C)	**868.01**	**2340.34**	**3452.13**	**5084.41**	**6715.77**	**6291.83**	**9488.57**
TOTAL ASSETS (A + B + C)	**980.07**	**2713.40**	**4518.48**	**6179.52**	**8354.41**	**7895.10**	**11350.11**
Liabilities and provisions							
Secured loans	15.49	704.36	1858.47	2330.28	4587.39	4179.70	5086.06
Unsecured loans	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Current liabilities & Provisions	592.64	1236.45	1198.85	2611.20	1429.62	1083.93	2888.67
Deferred Tax Liability	2.08	9.11	12.48	4.91	46.20	72.94	88.00
TOTAL Liabilities (D)	**610.33**	**1950.04**	**3069.93**	**4946.51**	**6063.33**	**5336.68**	**8062.84**
Net worth (A+B+C-D)	**369.74**	**763.36**	**1448.56**	**1233.01**	**2291.07**	**2558.42**	**3287.27**
Represented by							
Share capital							
Equity Share Capital	369.74	763.36	1448.56	1147.65	2000.00	2000.00	2000.00
Share Application Money	-	-	-	-	-	-	100.00
TOTAL(A)	**369.74**	**763.36**	**1448.56**	**1147.65**	**2000.00**	**2000.00**	**2100.00**
Reserves and surplus	-	-	-	85.36	304.52	590.02	1224.80
Less: Revaluation Reserve	-	-	-	-	-	-	-
TOTAL(B)	**-**	**-**	**-**	**85.36**	**304.52**	**590.02**	**1224.80**
Less: Miscellaneous Expenditure (To the extent not written off)	-	-	-	-	13.45	31.60	37.53
TOTAL(C)	**-**	**-**	**-**	**-**	**13.45**	**31.60**	**37.53**

Net Worth (A+B-C)	**369.74**	**763.36**	**1448.56**	**1233.01**	**2291.07**	**2558.42**	**3287.27**

* 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 & LOSS ACCOUNT, AS RESTATED

(₹ in Lakhs)

Particulars	31.03. 2006	31.03. 2007	31.03. 2008	2.07. 2008*	31.03.2009 *	31.03.2010	Period Ended Dec.2010
Income							
Sales of Products Manufactured	-	-	-	-	-	-	-
Sales of Products Traded	1098.10	3394.83	6477.05	4415.56	8306.73	19363.24	16724.61
Less Excise Duty	-	-	-	-	-	-	-
Net Sales	**1098.10**	**3394.83**	**6477.05**	**4415.56**	**8306.73**	**19363.24**	**16724.61**
Other Income	11.29	59.17	149.18	0.79	81.69	90.75	81.23
Profit On Sales Of Assets	-	-	-	-	-	-	-
Increase/(Decrease)n Inventories	513.95	1132.79	713.14	1232.43	2050.16	252.72	2723.85
TOTAL(A)	**1623.34**	**4586.79**	**7339.37**	**5648.78**	**10438.59**	**19706.71**	**19529.69**
Expenditure							
Purchase of Traded Goods	1440.42	3920.96	5583.46	4649.09	7170.87	15156.90	15253.89
Personnel Cost	53.93	178.34	270.46	168.47	328.28	406.20	371.64
Administration Expenses	77.54	227.76	445.67	284.22	808.11	1042.53	882.71
Selling and Distribution Expenses	31.62	126.46	608.86	294.75	1264.93	1094.18	1461.36
Loss on Sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.99
Obsolete, Damaged and Non-moving stock w/o	0.00	0.00	0.00	0.00	0.00	667.84	0.00
TOTAL(B)	**1603.51**	**4453.52**	**6908.44**	**5396.52**	**9572.19**	**18367.64**	**17970.58**
Profit Before Interest, Depreciation and Tax (A+B)	19.84	133.27	430.92	252.25	866.39	1339.06	1559.10
Depreciation	2.42	14.54	37.17	22.27	71.56	116.31	98.43
Profit Before Interest and Tax	17.42	118.73	393.75	229.99	794.83	1222.76	1460.68
Financial Charges	3.74	39.41	214.95	95.29	449.84	543.85	477.53
Profit after Interest and Before Tax	13.68	79.32	178.80	134.69	344.99	678.91	983.15
Preliminary Expenses & Def. Exp. W/o	0.00	0.00	0.00	0.00	0.71	1.70	5.10
Profit before Taxation	13.68	79.32	178.80	134.69	344.28	677.21	978.05
Provision for Income Tax	3.83	18.49	58.20	53.35	75.74	180.51	300.68

Provision for Deferred Tax	2.08	7.03	3.37	(7.57)	41.29	26.74	15.06
Provision for FBT	2.19	4.57	7.46	3.55	8.10	0.00	0.00
Total	8.10	30.08	69.03	49.33	125.13	207.25	315.74
Profit After Tax but Before Extra ordinary Items	**5.58**	**49.24**	**109.78**	**85.36**	**219.16**	**469.95**	**662.31**
Extraordinary items							
Forex Loss on WCFTL Loan	0.00	0.00	0.00	0.00	0.00	31.50	0.00
Chit Loss	0.00	0.00	0.00	0.00	0.00	11.40	0.0
Interest on IT, FBT & Wealth Tax	0.00	0.00	0.00	0.00	0.00	24.56	27.53
Total	0.00	0.00	0.00	0.00	0.00	67.46	27.53
Net Profit after adjustments	**5.58**	**49.24**	**109.78**	**85.36**	**219.16**	**402.49**	**634.78**

* 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

Significant Accounting Policies for the Restated Accounts:

1. **Basis of Accounting;**

   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.

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 and Depreciation:**

   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.

   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.

4. **Borrowing Cost;**

   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.

5. **Investments;**

   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.

6. **Inventories;**
   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

7. **Transactions in Foreign Currency;**

   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.

8. **Revenue Recognition;**

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 is 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.

9. **Miscellaneous Expenditure;**

Conversion of Partnership into Private Limited Company under Part IX of Companies Act, 1956 and Fee paid to Registrar of Companies for increase of Authorized Capital from ₹ 10 cr to ₹ 20 cr, were accounted as Preliminary Expenditure and expensed 5% for each year.

10. **Retirement and other employee benefits;**

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.

11. **Provision for current and deferred tax;**

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.

12. **Cash Flow Statement;**

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 kind, cheques in hand, bank balances.

13. **Provisions, Contingent Liabilities and Contingent Assets**

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.

14. **Impairment of Assets;**

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.

15. Leases;

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.

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 4

Notes on Accounts

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 11.16 crores (NIL).

2. Contingent Liabilities not provided for is :
   The company has received Notice u/s 143(2) of Income Tax Act, 1961 from Income Tax Department for the Assessment Year 2008-09 and 2009-10, which was pending until date. 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 Jewellrs (P) Limited. Our Company has filed a Writ Petition dated 30.08.2010 before the Hon.'ble High Court of Karnataka against Union of India and Department of Service Tax, Banglore.The landlords has demanded the service tax for the retail outlets at Bengaluru leased to the company,but the monetary claim is not ascertainable.

3. Secured Loans (outstanding);

	Name of the Lender	Security offered
A.	State bank of India , Commercial Branch, Koti, Hyderabad	
1	Term loan	a) Secured by first charge over specific assets financed Viz. Furniture, Interiors, Plant & Machinery etc.and hypothecation of fixed assets at present and future. b) Further secured by (as collateral securities) 1. Commercial building at Vijayawada admeasuring 323 Sq.Yds, belonging to late P. Hanumantha Rao, S/o Late Appa Rao (Represented by his legal heirs Smt. P Dhanalakshmi and Ch. Jhansi Rani). 2. Residential Building situated in Mogalrajapuram, Vijayawada admeasuring 586.40 Sq.Yds., belonging to Smt. P Dhanalakshmi. 3. Open site admeasuring 332 Sq.Yds., vide Plot No.6, situated at Shaikpet, Hyderabad belonging to A Subash Chandra Mohan.

		4. Two Plots of Open Land measuring 200 Sq.Yds each belonging to Sri Ch.N.K.D. Prasad, situated at 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, Seetharamapuram, Vijayawada. 6. Six storeyed RCC Roof Building situated at Kukatpally, RR District with appurtenant site of 622.83 Sq.Yds., in the name of Sri Ch. Suhas Reddy (304 Sq.Yds.) and in the name of Smt. Ch. Vijaya (318.83 Sq.Yds.). c) Personal guarantees of Sri CHNKD Prasad, Smt. CH Jhansi Rani, Sri Annam Kalyan, Sri Annam Subhash Chandra Mohan, Sri CHDK Durga Rao, Smt. Annam Suchitra, Smt. Annam Soujanya, Sri Annam Venkata Rajesh, Smt. Perumalla Dhanalakshmi, Sri CH Suhas Reddy and Smt. CH Vijaya.
	Cash credit	Secured by first charge over stocks, receivables and other current assets of the company on pari passu basis along with other bank in the MBA. Further secured by above referred collateral securities for Term Loans availed from State Bank of India and personal guarantees of Sri CHNKD Prasad, Smt. CH Jhansi Rani, Sri Annam Kalyan, Sri Annam Subhash Chandra Mohan, Sri CHDK Durga Rao, Smt. Annam Suchitra, Smt. Annam Soujanya, Sri Annam Venkata Rajesh, Smt. Perumalla Dhanalakshmi, Sri CH Suhas Reddy and Smt. CH Vijaya
	Cash Credit from State Bank of Hyderbad	a) Secured by paripasu charge over entire current assets with State Bank of India. b) TDR of ₹ 180 lakhs. c) Further secured by (as collateral securities) Land 1192 Sq.Yds, with shed admeasuring 184.572 Sq.Mts, belonging to Colorsoft, represented by its proprietor Sri Mr. Haribabau. d) Personal guarantees of Sri CHNKD Prasad, Smt. CH Jhansi Rani, Sri Kalyan, Sri Annam Subhash Chandra Mohan and Sri Hari Babu (to the extent of value of collateral).

4. 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

5. As per the terms stipulated by State Bank of India, while sanctioning the enhanced limits vide dated 03.09.2010, the promoters have infused the dividend received by them for FY 2009-10 as part of infusion required for the proposed expansions.

6. 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.

7. 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.

8. The company has made a provision of ₹.6, 30,000/- towards Gratuity Contribution.

9. Auditors Remuneration;
   - As Audit Fees : ₹ 62,256/- (₹.82,725/-)
   - As Tax Audit Fees: ₹.0/- (₹27,575/-)
   - Other Services : ₹ .Nil (₹ Nil)

10. The company has entered into operating lease arrangements for its premises at various locations. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is ₹.20.18 Crores on account of notice period and lock-in period in some of the lease agreements entered by the company for the operating of showrooms. The lease rent payable not later than one year is ₹. 6.82 Crores, payable later than one year but not later than five year is ₹.25.34 Crores and payable later than five years is ₹ 17.20 Crores.

11. Particulars of Remuneration and other benefits provided to Directors for the year ended are set out below;

CHNKD Prasad	-	CMD	-	₹ 27.00 lakhs (₹.36.00 lakhs)
A Subhash	-	Director	-	₹ 0.00 lakhs (₹.1.00 lakhs)
CHDK Durga Rao	-	Director	-	₹ 9.00 lakhs (₹.10.00 lakhs)
A Kalyan	-	Director	-	₹ 9.00 lakhs (₹.12.00 lakhs)

12. The company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Mediaum Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

13. Tax charges

The Tax Expenses for the year comprises of;

Particulars	31.12.2010	FY 2009-10
Income Tax		
- Current Tax	₹.3.01 Cr	₹.1.81 Cr
- Deferred Tax	₹.0.15 Cr	₹ 0.27 Cr

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.

14. Related Party Disclosure

Disclosures as required by the Accounting Standard 18 "Related Party Disclosure" are given below;

Name of the Party / Personnel	Concern	Ref. for Relationship as per AS-18	Details of Relation	Nature of Transaction	Transaction Value	Outstanding	
Sai Readymades	Partnership	3 (E)	Directors interested	Purchases	23680094	355087	Cr
Sai Retail India	Partnership	3 (E)	Directors interested	Purchases	759677722		
				Rent (Sub-lease) (Income)	810000	124831359	Cr
SSS Marketing	Partnership	3 (E)	Relative of Director	Commission paid Sale	903331 Nil	18038520	Dr

Sai Swarnamandir Jewellers (P) Ltd.	Private Limited	3 (E)	Common Director	Shop-in-shop Agreement - Purchase	620713352	7443529	Cr
Sumaja Creations	Proprietory	3 (E)	Relative of Director	Advertisement	30921962	3875891	Cr
CHNKD Prasad	Individual	3 (D)	Director	Remuneration Rent Share Application Money	2700000 135000 8000000	8163331	Cr
CH Jhansi Rani	Individual	3 (D)	Employee	Salary Royalty Share Application Money	450000 90000 950000	985193	Cr
A Kalyan	Individual	3 (D)	Director	Remuneration Share Application Money	900000 700000	754223	Cr
A Subhash	Individual	3 (D)	Employee	Salary Share Application Money	450000 200000	290969	Cr
A Rajesh	Individual	3 (D)	Employee	Salary Share Application Money	450000 50000	103980	Cr
A Soujanya	Individual	3 (D)	Employee	Salary Share Application Money	225000 50000	54009	Cr
CHDK Durga Rao	Individual	3 (D)	Director	Remuneration	900000	73360	Cr
A Suchitra	Individual	3 (D)	Employee	Share Application Money	50000	50000	Cr

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 Jewellrs (P) Limited

15. Earnings Per Share

The calculation of Earning Per Share (EPS) as disclosed in the Balance Sheet Abstract has been made in accordance with Accounting Standard (AS-20) on Earnings per Share issued by the Institute of Chartered Accountants of India. A statement on calculation of basic and diluted EPS is as under;

Particulars	Units	31.12.2010	FY 2009-10
Profit after Tax	₹ in Crores	6.35	4.03
Weighted average number of equity shares	Numbers	20000000	20000000
Earning per share	₹	3.17	2.02

16. Deferred Tax Liability

Related to Fixed Assets (Timing Difference)	31.12.2010
- Depreciation as per Books of Account	0.98 Cr.
- Depreciation as per IT	1.44 Cr.
- Timing Difference	0.45 Cr.
- Deferred Tax Liability	0.15 Cr.

17. Additional information in pursuance of the provisions of the paragraph 3, 4C, 4D, Part II of Schedule VI of the Companies Act, 1956 are as certified by the management of the company.

Licensed / Installed Annual Capacities and Production: Not Applicable

Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Sarees, Dress Materials & Others	1013225.00	5227.35	1955911.00	15253.89	1480114.00	16724.61	1489022.00	7951.20
	(344501.00)	(5642.47)	(22961313.48)	(15115.18)	(1627589.48)	(19363.24)	(1013225.00)	(5227.35)

18. Foreign Currency Earnings : ₹.Nil (₹ Nil lakhs)

19. Expenditure in Foreign Currency : ₹.Nil (₹ .Nil)

20. Directors Travelling Expenditure;
    - Domestic : ₹ 4.13 lakhs (₹ 5.06 lakhs)
    - Foreign : ₹ .Nil (₹ Nil)

21. The company regards the business segment retail as a single reportable segment. Accordingly, Segment Information is not being disclosed pursuant to provisions of Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

22. The figures of the previous year are re-grouped / re-classified wherever necessary to make them comparable with that of the current year.

Annexure 5

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	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31.12.10
Changes in accounting policies/correction of accounting policies							
Reserves & Surplus As per audited Balance Sheet	**Nil**	**Nil**	**Nil**	**156.96**	**302.28**	**588.43**	**1223.22**
Changes in accounting policies / correction of accounting policies							
Changes In Restated Financials							
Accumulated Depreciation Dec./(Inc.)	Nil	Nil	Nil	-	-	-	-
Provision For Tax Dec./(Inc.)	Nil	Nil	Nil	-	-	-	-
Miscellaneous Expenditure W/off Inc./ (Dec)	Nil	Nil	Nil	-	-	(0.99)	(0.99)
Provision For Gratuity	Nil	Nil	Nil	-	8.77	8.77	8.77

Dec./(Inc.)							
Tax law to Company Law (SLM basis) Dec./(Inc.)	Nil	Nil	Nil	(22.27)	-	-	-
On account of Deffered Tax Liablity Dec./(Inc.)	Nil	Nil	Nil	7.57	-	-	-
On account of Income Tax Dec./(Inc.)	Nil	Nil	Nil	(53.35)	(2.98)	(2.64)	(2.64)
On account of Fringe Benefit Tax Dec./(Inc.)	Nil	Nil	Nil	(3.55)	(3.55)	(3.55)	(3.55)
Impact on Reserves & Surplus Inc./ (Dec)	**Nil**	**Nil**	**Nil**	**(71.60)**	**2.24**	**1.59**	**1.59**
Net Reserves & Surplus as restated Balance sheet Statement	**Nil**	**Nil**	**Nil**	**85.36**	**304.52**	**590.02**	**1224.80**

(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	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
	Changes in accounting policies / correction of accounting policies						
Profit / Loss As per Audited Profit & Loss A/c	**8.43**	**61.55**	**153.61**	**156.96**	**145.32**	**403.15**	**634.78**
	Changes in accounting policies / correction of accounting policies						
Changes In Restated Financials							
Tax Law to Company Law (SLM basis)	6.19	20.88	9.91	(22.27)	22.27	-	-
Miscellaneous Expenditure w/off Inc./ (Dec)	-	-	-	-	-	(0.99)	-
Deffred Tax Liablity Dec./(Inc.)	(2.08)	(7.03)	(3.37)	7.57	(7.57)	-	-
On account of Income Tax Dec./(Inc.)	(3.83)	(18.49)	(38.20)	(53.35)	50.37	0.34	-
On account of Fringe Benefit Tax Dec./(Inc.)	(2.19)	(4.57)	(7.46)	(3.55)	-	-	-
Provision of Gratuity Dec./(Inc.)	(0.94)	(3.11)	(4.72)	-	8.77	-	-
Impact on Profit or Loss Inc./ (Dec)	**(2.85)**	**(12.31)**	**(43.84)**	**(71.60)**	**73.84**	**(0.66)**	**-**
et profit or (loss) after tax as restated in profit or loss a/c	**5.58**	**49.24**	**109.78**	**85.36**	**219.16**	**402.49**	**634.78**

Material Regroupings

1. **Other Income**

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**11.29**	**0.00**	**0.00**	**0.00**	**0.00**	**14.93**	**12.25**
Changes In Restated	0.00	59.17	149.18	0.79	81.69	75.81	68.98

Financials							
As per Restated Accounts	**11.29**	**59.17**	**149.18**	**0.79**	**81.69**	**90.75**	**81.23**

2. Administrative Expenditure

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**174.49**	**342.71**	**556.71**	**435.04**	**1011.73**	**966.71**	**813.73**
On account of Other Income	0.00	59.17	149.18	0.79	81.69	75.81	68.98
On account of Personnel expenditure	(52.99)	(160.22)	(253.49)	(151.61)	(285.31)	-	-
On account of selling and distribution exp.	(31.62)	(13.89)	(6.73)	-	-	-	-
On account of finance exp.	(3.74)	-	-	-	-	-	-
On account of depreciation	(8.61)	-	-	-	-	-	-
As per Restated Accounts	**77.54**	**227.76**	**445.67**	**284.22**	**808.11**	**1042.53**	**882.71**

3. Personnel Expenses

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**343.90**	**323.74**
Included in Admin. Expenses	52.99	160.22	253.49	151.61	285.31	-	-
Directors/Partner's Remuneration	-	15.00	12.25	16.86	51.75	59.00	45.00
Director's Sitting fee	-	-	-	-	-	3.30	2.90
As per Restated Accounts	**52.99**	**175.22**	**265.74**	**168.47**	**337.06**	**406.20**	**371.64**

4. Selling & Distribution Expenditure

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**-**	**112.57**	**602.13**	**294.75**	**1264.93**	**1094.18**	**1461.36**
Regrouped Admin. Expenditure	31.62	13.89	6.73	-	-	-	-
As per Restated Accounts	**31.62**	**126.46**	**608.86**	**294.75**	**1264.93**	**1094.18**	**1461.36**

5. Finance Expenditure

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**-**	**39.41**	**214.95**	**95.29**	**449.84**	**543.85**	**477.53**
Regrouped Admin. Expenditure	3.74	-	-	-	-	-	-
As per Restated Accounts	**3.74**	**39.41**	**214.95**	**95.29**	**449.84**	**543.85**	**477.53**

6. Investments

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**-**	**-**	**5.48**	**3.89**	**30.07**	**3.00**	**-**
Regrouped Loans and Advances	-	3.00	(5.48)	(3.89)	(27.07)	-	-
Regrouped Deposits (Others)	-	-	3.00	3.00	-	-	-
As per Restated Accounts	**-**	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**-**

7. **Loans and Advances**

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**120.11**	**232.48**	**67.59**	**768.84**	**74.33**	**105.65**	**463.31**
Regrouped Investments	-	(3.00)	5.48	3.89	27.07	-	-
Regrouped Prepaid Expenditure	-	-	-	(243.69)	-	-	-
As per Restated Accounts	**120.11**	**229.48**	**73.07**	**529.04**	**101.39**	**105.65**	**463.31**

8. **Prepaid Expenditure**

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**117.69**	**236.87**	**236.87**	**-**	**4.84**	**5.37**	**7.41**
Regrouped loans and Advances	-	-	-	243.69	-	-	-
As per Restated Accounts	**117.69**	**236.87**	**236.87**	**243.69**	**4.84**	**5.37**	**7.41**

9. **Deposits**

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**80.87**	**135.47**	**338.34**	**428.16**	**453.06**	**445.29**	**718.15**
Regrouped Investments	-	-	(3.00)	(3.00)	-	-	-
As per Restated Accounts	**80.87**	**135.47**	**335.34**	**425.16**	**453.06**	**445.29**	**718.15**

10. **Other Current Assets**

(₹.in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Deposits Restated	80.87	135.47	335.34	425.16	453.06	445.29	718.15
Pre paid Expenditure Restated	117.69	236.87	236.87	243.69	4.84	5.37	7.41
As per Restated Accounts	**198.56**	**372.34**	**572.21**	**668.86**	**457.90**	**450.65**	**725.56**

c) Notes to Adjustment in Restatement of Financials

1 Personnel Costs

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Regrouping Personnel cots	**52.99**	**175.22**	**265.74**	**168.47**	**337.06**	**406.20**	**371.64**
Provision for Gratuity	0.94	3.11	4.72	-	(8.77)	-	-
As per Restated Accounts	**53.93**	**178.34**	**270.46**	**168.47**	**328.28**	**406.20**	**371.64**

2 Misc. Expenditure Exp. Written-off

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**-**	**-**	**-**	**-**	**0.71**	**0.71**	**5.10**
Adjustments on account of Restatement	-	-	-	-	-	0.99	-
As per Restated Accounts	**-**	**-**	**-**	**-**	**0.71**	**1.70**	**5.10**

3 Depreciation

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	**8.61**	**35.42**	**47.08**	**-**	**93.82**	**116.31**	**98.43**

Restatement - SLM basis	2.42	14.54	37.17	-	-	-	-
Non-provision in Accounts	-	-	-	22.27	(22.27)	-	-
As per Restated Accounts	**2.42**	**14.54**	**37.17**	**22.27**	**71.56**	**116.31**	**98.43**

4 Fringe Benefit Tax

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	-	-	-	-	8.10	-	-
Adjustments on account of Restatements	2.19	4.57	7.46	3.55	-	-	-
As per Restated Accounts	**(2.19)**	**(4.57)**	**(7.46)**	**(3.55)**	**8.10**	**-**	**-**

5 Preliminary Expenditure Not written-off

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	-	-	-	-	13.45	32.59	38.52
Adjustments on account of Restatements	-	-	-	-	-	0.99	0.99
As per Restated Accounts	**-**	**-**	**-**	**-**	**13.45**	**31.60**	**37.53**

6 Deferred Tax

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	0.00	0.00	0.00	0.00	33.72	26.74	15.06
As per IT Law	8.61	35.42	47.08	0.00	193.02	194.98	143.76
As per Restated Accounts (Company Law)	2.42	14.54	37.17	22.27	71.56	116.31	98.43
Timing difference	6.19	20.88	9.91	(22.27)	121.47	78.68	45.34
Tax Rates	33.66%	33.66%	33.99%	33.99%	33.99%	33.99%	33.22%
Provision for the year / period	2.08	7.03	3.37	(7.57)	41.29	26.74	15.06
As per Restated Accounts	**2.08**	**7.03**	**3.37**	**(7.57)**	**7.57**	**0.00**	**(0.00)**

7 <u>Income Tax</u>

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	0.00	0.00	20.00	0.00	126.11	180.85	300.68
PBT as per Audited Accounts	8.43	61.55	173.61	156.96	313.25	610.74	950.52
Adjustment on account of Restatement	5.25	17.77	5.19	(22.27)	31.04	(0.99)	0.00
PBT as per Restated Accounts	13.68	79.32	178.80	134.69	344.28	609.75	950.52
Depreciation as per Company Law	2.42	14.54	37.17	22.27	71.56	116.31	98.43
Depreciation as per Income Tax Law	8.61	35.42	47.08	0.00	193.02	194.98	143.76
Disallowances / (Allowances)	3.88	(3.52)	2.34	0.00	0.00	0.00	0.00
Taxable Profit	11.37	54.92	171.24	156.96	222.82	531.07	905.18
Provision as per Restated Accounts	**3.83**	**18.49**	**58.20**	**53.35**	**75.74**	**180.51**	**300.68**

Annexure 6

CASH FLOW STATEMENT, AS RESTATED

(₹ In Lakhs)

Particulars	31.03.2006	31.03.2007	31.03.2008	2.07.2008	31.03.2009	31.03.2010	Period Ended Dec.2010
Cash Flow from Operating Activities							
Profit before tax and Extraordinary Items	**13.68**	**79.32**	**178.80**	**134.69**	**344.28**	**677.21**	**978.05**
Depreciation	2.42	14.54	37.17	22.27	71.56	116.31	98.43
(Profit) / Loss on sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.99
Interest and Financial Expenses	3.74	39.41	214.95	95.29	449.84	543.85	477.53
Misc. Exp. Written-off	0.00	0.00	0.00	0.00	0.71	1.70	5.10
Other Income	(11.29)	(59.17)	(149.18)	(0.79)	(81.69)	(90.75)	(81.23)
Operating Income before working capital changes	**8.55**	**74.10**	**281.74**	**251.46**	**784.70**	**1248.31**	**1478.87**
Adjustments for:							
Increase)/Decrease in Inventories	(513.95)	(1132.79)	(713.14)	(1232.43)	(2050.16)	415.12	(2723.85)
(Increase)/Decrease in Receivables / Sundry Debtors	(14.20)	(71.93)	(70.08)	(7.26)	(290.77)	52.11	148.65
(Increase)/Decrease in Loans and Advances	(120.11)	(109.37)	156.41	(455.97)	427.64	(4.25)	(357.66)
(Increase)/Decrease in Other Current Assets	(194.56)	(162.38)	(180.87)	(96.65)	214.56	64.84	(259.91)
Increase/(Decrease) in Current Liabilities & Provisions	586.62	620.76	(103.26)	1355.45	(1265.42)	(643.20)	1604.06
Cash Generated from Operations	(247.65)	(781.60)	(629.20)	(185.40)	(2179.45)	1132.93	(109.85)
Direct Taxes Paid	(4.00)	(11.37)	(19.00)	0.00	(3.62)	(57.65)	(15.03)
Cash Flow Before Extra Ordinary Items	(251.65)	(792.97)	(648.20)	(185.40)	(2183.06)	1075.28	(124.88)
Extra Ordinary Items (Effect of Restated Accounts)	0.00	0.00	0.00	0.00	0.00	(67.46)	(27.53)
Net Cash Flow from Operating Activities	**(251.65)**	**(792.97)**	**(648.20)**	**(185.40)**	**(2183.06)**	**1007.83**	**(152.41)**
Cash Flow from Investing Activities							
Purchase of Fixed Assets	(114.48)	(272.54)	(730.46)	(51.03)	(615.08)	(79.55)	(285.31)
Expenses incurred on Work in Progress	0.00	0.00	0.00	0.00	0.00	(1.39)	(75.38)
Other Income	11.29	59.17	149.18	0.79	81.69	90.75	81.23

Misc. Expenditure incurred	0.00	0.00	0.00	0.00	(14.16)	(19.85)	(11.03)
Sale/(Purchase) of Investments	0.00	(3.00)	0.00	0.00	0.00	0.00	3.00
Net Cash used from Investing Activities	**(103.18)**	**(216.37)**	**(581.28)**	**(50.24)**	**(547.54)**	**(10.04)**	**(287.49)**
Cash Flow from Financing Activities							
Interest and Financial Expenses	(3.74)	(39.41)	(214.95)	(95.29)	(449.84)	(543.85)	(477.53)
Proceeds from Capital	364.16	344.39	575.42	(300.91)	852.35	0.00	100.00
Increase/(Decrease)in Secured Loan	15.49	688.87	1154.11	471.81	2257.11	(407.70)	906.37
Increase/ (Decrease) in Unsecured Loan	0.12	0.00	0.00	0.00	0.00	0.00	0.00
Dividend paid	0.00	0.00	0.00	0.00	0.00	0.00	(100.00)
Net Cash Flow from Financing Activities	**376.02**	**993.84**	**1514.58**	**75.61**	**2659.63**	**(951.55)**	**428.84**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	21.19	(15.49)	285.10	(160.03)	(70.98)	46.23	(11.06)
Cash & Cash Equivalents at Beginning of the Year	0.00	21.19	5.66	290.78	130.73	59.77	106.05
Cash and Cash Equivalents at the end of the Year	21.19	5.70	290.76	130.75	59.75	106.00	94.99

Notes to Cash Flow Statements

1 **Change in Others Current Assets:**

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Change in Other Current Assets	(198.56)	(173.78)	(199.87)	(96.65)	210.96	7.24	(274.91)
Less: Direct Taxes Paid	(4.00)	(11.37)	(19.00)	-	(3.62)	(57.65)	(15.03)
Net Changes in Other Current Assets	**(194.56)**	**(162.41)**	**(180.87)**	**(96.65)**	**214.58**	**64.89**	**(259.87)**

2. **Change in Current Liabilities**

(₹ In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Current Liabilities excl Provision for IT, FBT	586.62	1207.38	1104.12	2459.57	1194.16	667.95	2172.01
Provision for dividend & Dividend Tax	-	-	-	-	-	117.00	-
Dividend Paid	-	-	-	-	-	-	100.00
Change in Current Liabilities & Provisions	**586.62**	**620.76**	**(103.26)**	**1355.45**	**(1265.42)**	**(643.20)**	**1604.06**

3. Change in Share Capital

(₹. in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Partners Capital after Adjustments / Share Capital	369.74	763.36	1448.56	1147.65	2000.00	2000.00	2000.00
Transfer of profit for the year	5.58	49.24	109.78	-	-	-	-
Share Application Money Received	-	-	0.00	-	-	-	100.00
Total	**364.16**	**714.13**	**1338.78**	**1147.65**	**2000.00**	**2000.00**	**2100.00**
Less: Cumulative profit included in capital up to previous year	-	5.58	49.24	109.78	-	-	-
Effective change in Share Capital	**364.16**	**344.39**	**575.42**	**(300.91)**	**852.35**	**-**	**100.00**

Annexure 7

STATEMENT OF ACCOUNTING RATIOS

(₹ in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Net Worth (A)	369.74	763.36	1448.56	1233.01	2291.07	2558.42	3287.27
Restated Profit after Tax but before Extraordinary Item(B)	5.58	49.24	109.78	85.36	219.16	469.95	662.31
Annualised Profit (C)	-	-	-	-	304.60	-	-
No. of shares outstanding (D)	10,000,000	10,000,000	10,000,000	10,000,000	20,000,000	20,000,000	20,000,000
Weighted average number of shares outstanding - (For Basic EPS) (E)	10,000,000	10,000,000	10,000,000	10,000,000	10,027,397	20,000,000	20,000,000
Basic / Diluted Earning Per Share (EPS) (B/D) (₹)	0.06	0.49	1.10	-	1.47	2.35	3.31
Annualised Basic / Diluted Earning Per Share (EPS) (C/E) (₹)	-	-	-	3.35	3.04	-	-
Return on Net Worth (%)	1.51	6.45	7.58	-	12.84	18.37	20.15

(B/A*100)							
Annualised Return on Net Worth (%) (C/A*100)	-			27.17	13.29		
Net Asset Value per Share (A/D)	3.70	7.63	14.49	12.33	11.46	12.79	16.44

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. Earnings per Share is computed in accordance with Accounting Standard (AS) 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Annexure 8

DIVIDEND

(₹.in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
On Equity Shares							
Fully Paid up Share Capital	Nil	Nil	Nil	10,00,00,000	20,00,00,000	20,00,00,000	20,00,00,000
Face Value (₹)	Nil	Nil	Nil	10.00	10.00	10.00	10.00
Paid up value per share (₹)	Nil	Nil	Nil	10.00	10.00	10.00	10.00
Rate of Dividend	Nil	Nil	Nil	Nil	Nil	5.00%	Nil
Total Dividend	Nil	Nil	Nil	Nil	Nil	100.00	Nil

.

Annexure 9

STATEMENT OF UNSECURED LOANS, AS RESTATED

(₹. in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
From Promoter, Promoter Group & Director	-	-	-	-	-	-	-
From Others	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Total	**0.12**	**0.12**	**0.12**	**0.12**	**0.12**	**0.12**	**0.12**

The Company has borrowed an amount of ₹ 0.12 Lakhss from Chalavadi Krishna Murthy 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 10

CAPITALIZATION STATEMENT

(₹ in Lakhs)

Particulars	Pre Issue as at December 31, 2010	Post Issue*
Debt :		
Secured		
Short term debt	4160.46	[●]
Long term debt	925.72	[●]
Total Secured Debt	**5086.18**	[●]
Unsecured		[●]
Short term debt	-	[●]
Total Debt	**5086.18**	[●]
Shareholders Funds		[●]
Equity Share Capital	2000.00	[●]
Reserves and Surplus	1224.80	[●]
Total	**3224.80**	[●]
Less Miscellanious Expenditure not written off	**37.53**	[●]
Total Shareholders Funds	**3187.27**	[●]
Long Term Debt/ Shareholders' Funds	**0.29**	[●]
Total Debt / Shareholders Fund	**1.60**	[●]

Notes: Working Capital Limits are considered as short- term debts.
*The Post-issue debt–equity ratio will be computed on the conclusion of the book building process.

Annexure 11

STATEMENT OF TAX SHELTERS

(₹.in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10
Profit Before Tax as per restated	13.68	79.32	178.80	134.69	344.28	609.75
Tax rate						
-- Normal Tax rate	33.66%	33.66%	33.99%	33.99%	33.99%	33.99%
--Minimum Alternative Tax rate	8.42%	11.22%	11.33%	11.33%	11.33%	16.995%
Notional Tax at normal rates (A)	**4.60**	**26.70**	**60.78**	**45.78**	**117.02**	**207.25**
Permanent differences						
Other adjustments	(0.08)	(0.24)	(2.34)	-	-	-
Disallowances	-	-	-	-	-	-
TOTAL(B)	**(0.08)**	**(0.24)**	**(2.34)**	**-**	**-**	**-**
Timing Differences						
Difference between tax depreciation and book depreciation	6.19	20.88	9.91	(22.27)	121.47	78.68
Other adjustments	(3.80)	3.76	-	-	-	-
TOTAL(C)	**2.39**	**24.64**	**9.91**	**(22.27)**	**121.47**	**78.68**
Net Adjustments (B+C)	**2.31**	**24.40**	**7.57**	**(22.27)**	**121.47**	**78.68**
Tax expense/(savings) thereon (D)	(0.78)	(8.21)	2.57	(7.57)	(41.29)	(26.74)

Total Taxation (E = A+D)	**3.83**	**18.49**	**58.20**	**53.35**	**75.74**	**180.51**
Brought forward losses set off (Depreciation)	**-**	**-**	**-**	**-**	**-**	**-**
Minimum Alternative Tax (MAT)	1.15	8.90	20.26	15.26	39.01	103.63
Tax Payable	3.83	18.49	58.20	53.35	75.74	180.51
Taxable Income	7.57	58.68	171.24	156.96	222.82	531.07
Tax Income as per MAT	**13.68**	**79.32**	**178.80**	**134.69**	**344.28**	**609.75**
Tax as per Tax Return	**4.14**	**19.53**	**40.94**	**53.35**	**72.75**	**180.85**

Annexure 12

SECURED LOANS

(₹In lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Term loan from Banks	**-**	288.39	1110.01	1088.00	877.49	581.69	890.87
Working Capital / Cash Credit from Banks	**-**	398.09	729.83	1215.60	3692.27	3587.66	4160.34
Vehicle Loan	15.49	17.88	18.63	26.68	17.63	10.35	34.85
Total	**15.49**	**704.36**	**1858.47**	**2330.28**	**4587.39**	**4179.70**	**5086.06**

Name of the Lender	Facility	Sanctioned Limit	Balance O/s as on 31.12. 2010	Rate of Interest	Repayment Schedule	Securities Offered	
State Bank of India	Term Loan	200.00	12.64	6% above SBBR	16 Qtrly. @ 12.50 lakhs each	For CC	Hypotication of stocks, receivables and other current assets
	Term Loan	460.00	98.19	6% above SBBR	13 Qtrly. @ 33.00 lakhs each 1 Qtr.@ 31.00 lakhs	Term Loans	Hypotication of Fixed Assets present and future along with other bank in the MBA. and First charge on the current assets
	Term Loan	250.00*	136.03	6% above SBBR	48 monthly installments of ₹ 4.98 lakhs each	Collateral :	1. Commercial Building at Vijayawada admeasuring 323 Sq.Yds belonging to late P. Hanumantha Rao, S/o. Late Appa Rao (Represented by his leagal heirs Smt. P. Dhanalakshmi and Chalavadi Jhansi Rani) 2. Residential Building situated in Mogalrajapuram, Vijayawada admeasuring 586.40 Sq.yds, belonging to, Smt. P. Dhanalakshmi. 3. Open Site admeasuring 332 Sq.Yds vide plot No. 6, situated at Shaikpet, Hyderabad belonging to A.Subash Chandra Mohan 4. Two Plots of Open Land measuring 200 Sq.Yds, each belonging to Sri Ch.N.K.D. Prasad, situated at 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, Sitaramapuram, Vijayawada 6. Six storeyed RCC Roof Building situated at Kukatpally, R.R. District with appurtenant site of 622.83 Sq.Yds, in the name of Sri Ch.Suhas Reddy 304 Sq.Yds) and in the name of Smt. Ch.Vijaya (318.83 Sq.Yds).
	Term Loan	45.00*	25.62	6% above SBBR	48 Monthly installments of ₹ 0.94 lakhs each		
	Term Loan	160.00*	88.19	6% above SBBR	48 Monthly Installments off ₹ 3.22 lakhs each		
	CC	2750.00	2778.63	5.5% above SBBR	On demand		
	Term Loan	275.00	277.79	6% above SBBR	12Qtrly. @ 23.00 lakhs each 1 Qtr.@ 22.00 lakhs		

	Term Loan	784.00	252.40	6% above SBBR	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		
State Bank of India	SLC	100.00	101.16	5.5% above SBBR	On demand	Guarantors :	CHNKD Prasad, CH Jhansi Rani, Annam Kalyan, Annam Subhash Chandra Mohan & Perumalla Dhanalakshmi, CH Suhas Reddy, CH Vijaya and CHDK Durga Rao, Annam Suchitra, Annam Sowjayana, Annam Venkata Rajesh. Shri Ch. Suhas Reddy and Smt. Ch Vijaya shall be limited to extent of value of property in their name.
	Adhoc	200.00	-0.01	5.5% above SBBR	On demand		
State Bank of Hyderabad	CC	1000.00	1128.73	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
State Bank of Hyderabad	SLC	150.00	151.84	0.25% above PLR	On demand	Pledge	TDR of ₹ 180 Lakhs.
						Guarantors	CHNKD Prasad, CH Jhansi Rani, Annam Kalyan, Annam Subhash & M Haribabu (to the extent of value of collateral)
AXIS Bank Ltd	Vehicle Loan	9.57	5.24	11.28%	60 Monthly Installments of ₹ 0.20748 lakhs each		Hypothecation of Toyata Innova
Bajaj Auto Finance Ltd	Vehicle Loan	0.34	0.03	23.42%	24 Monthly Installments of ₹ 0.01742 lakhs each		Hypothecation of Bajaj Platina
Bajaj Auto	Vehicle Loan	0.26	0.12	9.99%	24 Monthly Installments of		Hypothecation of Bajaj Platina

Finance Ltd					₹ 0.01300 lakhs each		
Bajaj Auto Finance Ltd	Vehicle Loan	0.26	0.12	9.99%	24 Monthly Installments of ₹ 0.01300 lakhs each		Hypothecation of Bajaj Platina
Cholam andalam	Vehicle Loan	2.25	0.07	7.75%	35 Monthly Installments of ₹ 0.07923 lakhs each		Hypothecation of Tata Van
HDFC Bank Ltd	Vehicle Loan	10.90	8.94	9.40%	36 Monthly Installments of ₹ 0.34594 lakhs each		Hypothecation of Toyata Innova
HDFC Bank Ltd	Vehicle Loan	5.06	4.42	6.14%	36 Monthly Installments of ₹ 0.16645 lakhs each		Hypothecation of Tata Winger
ING VYSY A Bank Ltd	Vehicle Loan	16.70	15.89	9.75%	36 Monthly Installments of ₹ 0.53691 lakhs each		Hypothecation of Toyata Fortuner

*The total amount sanctioned for Term Loan III is ₹ 900.00 Lakhs but the amount disbursed for the same is ₹ 439.00 Lakhs.

Note
1. The balance outstanding as per bank statement for Cash Credit of State Bank of Inida (SBI) is ₹ 2778.16 Lakhs. The difference of ₹ 0.47/- Lakhs is on account Cheques issued but not cleared.

2. The balance outstanding as per bank statement for Cash Credit Account of State Bank of Hyderabad (SBH) is ₹ 974.83 Lakhs. The difference of ₹ 1.54 Lakhs is on account Cheques issued but not cleared.

Annexure 13

INVESTMENTS, AS RESTATED

(₹. In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Long Term In Shares (At Cost-Quoted)	-	3.00	3.00	3.00	3.00	3.00	-
Long Term In Shares (At Cost- Unquoted)	-	-	-	-	-	-	-
Total	**-**	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**-**

Annexure 14

SUNDRY DEBTORS, AS RESTATED

(₹.in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Outstanding for the period exceeding Six months	-	-	-	-	-	-	-
Outstanding less than six months							
From Promoter /Promoter Group	-	0.08	-	94.33	286.60	184.52	180.39
From Others	14.20	86.05	156.21	69.14	167.63	217.61	73.09
Total	**14.20**	**86.13**	**156.21**	**163.47**	**454.24**	**402.13**	**253.48**

Annexure 15

LOANS AND ADVANCES, AS RESTATED

(₹. In lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Advances recoverable in Cash or in Kind							
-Promoter & Promoter Group	59.17	-	-	357.54	-	3.83	13.47
-Others	60.94	229.48	73.07	171.49	101.39	101.82	449.84
Total	**120.11**	**229.48**	**73.07**	**529.04**	**101.39**	**105.65**	**463.31**

Annexure 16

OTHER INCOME, AS RESTATED

(₹. In Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Recurring and Related	-	-	-	-	-	-	-
Recurring and Un-Related							
Rent / Reimbursement / Comm. Received from Franchisee / Lessee	11.29	59.17	149.18	0.49	73.00	75.81	68.98
Interest Received	-	-	-	-	6.58	0.28	6.64
Dividend Income Investments / Chits	-	-	-	0.30	1.75	6.73	3.78
Non-Recurring and Related							
Non-Recurring and Un-Related Miscellaneous Income	-	-	-	-	0.35	7.93	1.82
Total	**11.29**	**59.17**	**149.18**	**0.79**	**81.69**	**90.75**	**81.23**

Annexure 17

DETAILS OF RELATED PARTY TRANSACTIONS

(₹ in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Finance							
a. **Loans Accepted**							
Sai Readymades	70.35						
b. **Loans repaid**							
Sai Readymades	70.35						
c. **Loans given**							
Sai Readymades	47.13	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		
g. **Share Application Money received**							
CHNKD Prasad					1430.75		80.00
CH Jhansi Rani							9.50

Annam Kalyan							7.00
Annam Subhash							2.00
Annam Rajesh							0.50
Annam Soujanya							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 Soujanya							
Annam Suchitra							
i. **Share Alloted**							
CHNKD Prasad					1000.00		
CH Jhansi Rani							
Annam Kalyan							
Annam Subhash							
Annam Rajesh							
Annam Soujanya							
Annam Suchitra							
Commision Paid / Received							
SSS Marketing							9.03
Managerial Remuneration							
CHNKD Prasad	0.00	9.00	7.00	9.00	27.00	36.00	27.00
CH Jhansi Rani	0.00	3.00	1.75	1.50	0.00	0.00	0.00
Kalyan A	0.00	2.25	1.75	3.00	9.00	12.00	9.00
Subhash A	0.00	0.75	1.75	1.50	4.50	1.00	0.00
Rajesh A	0.00	0.00	0.00	1.50	0.00	0.00	0.00
Soujanya A	0.00	0.00	0.00	0.36	0.00	0.00	0.00
CHDK Durga Rao	0.00	0.00	0.00	0.00	0.00	10.00	9.00
Rental Payment/Receipt							
CHNKD Prasad	0.00	0.00	0.80	0.30	1.25	1.80	1.35
Purchase							
Sumaja Creations (Advt.)	13.24	66.73	181.21	93.55	516.10	348.29	309.22
Sai Readymades	0.00	600.95	514.57	72.02	635.54	741.32	236.80
Sai Swarnamandir Jewellers (P) Ltd.	0.00	0.00	509.31	1637.81	839.88	7744.07	6207.13
Sai Retail India	0.00	0.00	0.00	0.00	871.52	5241.59	7596.78
SSS Marketing	0.00	0.00	0.00	0.00	0.00	171.79	0.00
Sales							
Sai Swarnamandir Jewellers (P) Ltd.	0.00	0.00	22.40	0.00	0.00	0.00	0.00
Sai Readymades	0.00	0.00	0.00	0.00	250.38	0.00	0.00
SSS Marketing	0.00	0.00	0.00	0.00	250.66	975.79	0.00
Salaries							
CH Jhansi Rani	0.00	0.00	0.00	0.00	4.50	6.00	4.50
Subhash A	0.00	0.00	0.00	0.00	0.00	5.00	4.50
Soujanya A	0.00	0.87	1.70	0.00	2.25	3.00	2.25
Rajesh A	0.00	0.00	1.75	0.00	4.50	6.00	4.50
CHDK Durga Rao	0.00	0.00	0.00	0.00	0.00	1.60	0.00

Sub-Lease							
Sai Retail India	0.00	0.00	0.00	0.00	(2.70)	(10.80)	(8.10)
Royalty							
CH Jhansi Rani	1.20	1.20	1.20	0.30	0.90	1.20	0.90
Corporate Guarantee							
Sai Swarnamandir Jewellers (P) Ltd.							2200.00

Details of Outstanding

(₹ in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
Sai Readymades	47.13(Dr.)	0.08 (Dr.)	7.40(Cr.)	285.52 (Dr.)	112.07(Dr.)	2.89 (Cr.)	3.55 (Cr.)
Sai Retail India	0.00	0.00	0.00	0.00	204.28(Dr.)	6.36(Cr.)	1248.31 (Cr.)
SSS Marketing	0.00	0.00	0.00	0.00	250.66 (Dr.)	184.52(Dr.)	180.39(Dr.)
Sai Swarnamandir Jewellers (P) Ltd	0.00	0.00	10.39(Cr.)	94.33 (Dr.)	286.60 (Dr.)	111.76(Cr.)	74.44 (Cr.)
Sumaja Creations	2.69 (Dr.)	14.69 (Cr.)	0.81(Cr.)	65.10(Dr.)	102.34 (Cr.)	13.41(Dr.)	38.76 (Cr.)
CHNKD Prasad	0.00	0.00	0.00	0.00	12.75(Cr.)	2.12(Cr.)	81.63(Cr.)
CH Jhansi Rani	0.00	0.00	0.00	0.00	2.32 (Cr.)	0.11 (Cr.)	9.85(Cr.)
Annam Kalyan	0.00	0.00	0.00	0.00	0.66(Cr.)	0.68(Cr.)	7.54(Cr.)
Annam Subhash	0.00	0.00	0.00	0.00	1.12 (Cr.)	1.04(Cr.)	2.91 (Cr.)
Annam Rajesh	0.00	0.00	0.00	0.00	1.12(Cr.)	0.52(Cr.)	1.04 (Cr.)
Annam Soujanya	0.00	0.00	0.00	0.00	0.16 (Cr.)	0.23 (Dr.)	0.54 (Cr.)
Annam Suchitra	0.00	0.00	0.00	0.00	0.00	0.00	0.50(Cr.)
CHDK Durga Rao	0.00	0.00	0.00	0.00	0.00	0.88 (Cr)	0.73(Cr.)

Annexure 18

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	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31-12-10
As per Audited Accounts	372.59	778.53	1507.56	1206.65	-	-	-
Effects of current years / periods					-	-	-
On account of Provision for Gratuity	(0.94)	(3.11)	(4.72)	-	-	-	-
On account of Depreciation as per Income Tax Law to Company Law (SLM basis)	6.19	20.88	9.91	-	-	-	-
On account of Deferred	(2.08)	(7.03)	(3.37)	-	-	-	-

Tax Liability							
On account of Income Tax	(3.83)	(18.49)	(38.20)		-	-	-
On account of Fringe Benefit Tax	(2.19)	(4.57)	(7.46)	-	-	-	-
<u>Cumulative effects of previous years / periods</u>					-	-	-
On account of Provision for Gratuity	-	(0.94)	(4.05)	(8.77)	-	-	-
On account of Depreciation as per Income Tax Law to Company Law (SLM basis)	-	6.19	27.07	36.98	-	-	-
On account of Deferred Tax Liability	-	(2.08)	(9.11)	(12.48)	-	-	-
On account of Income Tax	-	(3.83)	(22.31)	(60.52)	-	-	-
On account of Fringe Benefit Tax	-	(2.19)	(6.76)	(14.21)	-	-	-
Total	**369.74**	**763.36**	**1448.56**	**1147.65**	**-**	**-**	**-**

Annexure 19

STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008	31.03.09	31.03.10	31.12.10
Income Tax							
AY 2008-09	-	-	0.22	0.22	0.22	0.22	0.22
AY 2009-10	-	-	-	-	Monteary Claim not ascertainable	Monteary Claim not ascertainable	Monteary Claim not ascertainable
Service Tax on rental premises in Bengaluru	-	-	-	-	Monteary Claim not ascertainable	Monteary Claim not ascertainable	Monteary Claim not ascertainable
Corporate Guarantee to M/s Sai Swarnamandir Jewellrs (P) Limited	-	-	-	-	-	-	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 DRHP. 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 name of "Kalamandir". We have a network of 12 retail outlets spread across South India.

We started as a retailer of sarees in Hyderabad in August 2005. As on the date, we operate 12 retail outlets and these outlets are cumulatively spread over in more than 97,621 square feet.

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

- Sarees
- Women's dress materials
- Men's wear
- Kid's wear
- Gold and Silver ornaments

Our retail outlets cater to the entire range of sarees in the price range of ₹ 300 to ₹2,00,000.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, 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 stores under franchise model. For this our company had entered into two franchise arrangements, one for Hyderabad Retail Outlets and another for Bengaluru Retail Outlets with Tanmai Jewellers private Limited and Sai Swarnamandir Jewellers Private Limited on April 1, 2008 and April 1, 2009 respectively. However presently, we only have franchise arrangement with Sai Swarnamandir Jewellers Private Limited for display and sale of their gold and silver jewellery in our retail outlets located at Jayanagar and Malleshwaram, Bengaluru.

Our company was set up as a Partnership Firm vide Deed of Partnership entered between Mr. Chalavadi Naga Kanaka Durga Prasad and Ms. 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 Chalavadi Jhansi Rani. They are founder promoters of our company and have extensive experience in the garment industry. Mr. Chalavadi Naga Kanaka Durga Prasad has been instrumental in strategic planning and business development of our company.

Jewellery Business

To provide ease and comfort of shopping and one-stop shopping experience to our customer especially for weddings, our company has entered into retailing of jewellery business through Franchisee Arrangement with its group concern Sai Swarnamandir Jewellers Private Limited ("SSJPL") vide agreement dated April 1, 2009.

In terms of the agreement, our company will display and retail all kinds of gold jewellery in its retail outlets at Jayanagar, Malleswaram & Marathahalli, Bengaluru. Our company shall generate the sales bill and all the collection with respect to sales will be done by our company. Our company shall make the payment to SSJPL after deducting an amount of 2% on the sales proceeds.

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 an estimated project cost of ₹ 1120 lakhs.

Our Board of Directors in their meeting held on August 4, 2010 resolved in-principally to enter into the business of generation of electricity and passed an enabling resolution in this regard. Our promoters have their core competence in the retail business where they have an established record of accomplishment of more than 5 years. In order to diversify the existing business, the Company entered into the business of power generation through Non-conventional energy sources. However, the proposed line of business activity being relatively new to the Company as well as to its promoters, it was decided to make cautious moves and understand the typical model business in a better way. It was also decided to obtain the basic approvals from the concerned authorities and departments before approaching the members of the Company for their consent.

As a first step in this regard, our Company engaged Shriram EPC Ltd., Chennai, as EPC Contractor, to set up the business on its 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, we placed purchase order with Shriram EPC Ltd on August 11, 2010, whereby Shriram EPC Ltd. shall 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 obtained allotment of Wind Farm Power project 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 4 MW capacity wind farm project for the purpose of generation of wind power. Shriram EPC Ltd. has obtained necessary approvals required to set up the Wind Farm Power Project from NEDCAP.

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 transfer vide its letter no. NEDCAP/WE/4694/2010 dated August 16, 2010. And our Company entered into an agreement with NEDCAP on August 17, 2010 for setting up the said Wind Farm Power Project at Kondamedapally, Kurnool District, Andhra Pradesh.

In order to make financial arrangements for the proposed project, our Company approached SBI, 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., power generation was not germane to the existing line of business, it was resolved to make suitable amendments to the Memorandum of Association and commence the business. In this regard, an Extraordinary General Meeting of its Members was convened and held on February 17, 2011, for amending the Memorandum of Association and enabling the Company to commence and carry on the business of generation of electricity.

Shriram EPC Ltd. has commenced the implementation of the Wind Farm Power Project and has completed the installation and got commissioned 4 WEGs out of the said 8 WEGs by March 31, 2011. The remaining 4 WEGs are expected to be commissioned shortly. A Power Purchase Agreement (PPA) dated March 31, 2011 with Andhra Pradesh Central Power Distribution Company Limited (APCPDCL) has been executed and formal commissioning approval for 1MW wind power generation has been obtained on April 6, 2011.

SIGNIFICANT DEVELOPMENTS AFTER DECEMBER 31, 2010 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS.

1. APCPDCL has vide its letter (E – 841/Dir-Engg/DD(PPP)/ D.No. 2871/2011) dated 30.03.2011 given its 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 Plant at Kurnool).

2. Pursuant to the above consent, the Company has entered into PPA (No. 33/2010-11) dated 31.03.2011 with APCPDCL for sale of power on the terms and conditions contained therein.

3. Divisional Elecl. Engineer, APCPDCL has vide its letter (Lr. No. DEE/O/NDL/Coml./ F.No. Shriram EPC/D.No. 436/12) dated 06.04.2011 issued the Commissioning Certificate for 1 MW wind energy generation by the Company.

4. The Company is in the process of shortly commissioning the balance 1 MW wind power capacity.

FACTORS AFFECTING OUR FINANCIAL RESULTS AND OPERATIONS:

Except as otherwise stated in this DRHP, the Risk Factors given in this DRHP 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, 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 stores, 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 the Company's roll out schedules and cause cost and time over runs.

Increasing competition in the industry;

We face competition from various players, some of which are mentioned below:

- Pantaloons Retail Limited
- Shoppers Stop Limited
- Trent India Limited
- Visagar Polytex Limited

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 neighboring 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 the 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	December 31,2010	% of Total Income	March 31,2010	% of Total Income	March 31,2009	% of Total Income	March 31,2008	% of Total Income	March 31,2007	% of Total Income	March 31,2006	% of Total Income
INCOME												
Sales :												
Of products manufactured by the issuer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of products traded in by the issuer	16724.61	85.64	19363.24	98.26	12722.29	79.08	6477.05	88.25	3394.83	74.01	1098.10	67.64
Total Sales	**16724.61**	**85.64**	**19363.24**	**98.26**	**12722.29**	**79.08**	**6477.05**	**88.25**	**3394.83**	**74.01**	**1098.10**	**67.64**
Other Income	81.23	0.42	90.75	0.46	82.48	0.51	149.18	2.03	59.17	1.29	11.29	0.70
Increase / (Decrease) in Inventories	2723.85	13.95	252.72	1.28	3282.59	20.41	713.14	9.72	1132.79	24.70	513.95	31.66
Total Income	**19529.69**	**100.00**	**19706.71**	**100.00**	**16087.36**	**100.00**	**7339.37**	**100.00**	**4586.79**	**100.00**	**1623.34**	**100.00**
EXPENDITURE												
Purchase of Traded Goods	15253.89	78.11	15156.90	76.91	11819.96	73.47	5583.46	76.08	3920.96	85.48	1440.42	88.73
Personnel Costs	371.64	1.90	406.20	2.06	496.75	3.09	270.46	3.69	178.34	3.89	53.93	3.32
Administration Expenses	882.71	4.52	1042.53	5.29	1092.33	6.79	445.67	6.07	227.76	4.96	77.54	4.77
Selling and Distribution Expenses	1461.36	7.48	1094.18	5.55	1559.67	9.70	608.86	8.30	126.46	2.76	31.62	1.95
Finance Charges	477.53	2.45	543.85	2.76	545.13	3.39	214.95	2.93	39.41	0.86	3.74	0.23
Loss on Sale of Assets	0.99	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Obsolete, Damaged & Non-moving stock Written-off	0.00	0.00	667.84	3.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	98.43	0.50	116.31	0.59	93.82	0.58	37.17	0.51	14.54	0.32	2.42	0.15
Total Expenditure	**18546.54**	**94.97**	**19027.80**	**96.56**	**15607.68**	**97.02**	**7160.56**	**97.58**	**4507.47**	**98.27**	**1609.67**	**99.15**
Net Profit before Tax, Amortization & Extraordinary Item	**983.15**	5.03	**678.91**	3.45	**479.69**	2.98	**178.80**	2.44	**79.32**	1.73	**13.68**	0.84
Preliminary / Def. Exp. Written-off	5.10	0.03	1.70	0.01	0.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit before Tax & Extraordinary Item	**978.05**	5.01	**677.21**	3.44	**478.98**	2.98	**178.80**	2.44	**79.32**	1.73	**13.68**	0.84
Provision for Taxation	315.74	1.62	207.25	1.05	174.46	1.08	69.03	0.94	30.08	0.65	8.10	0.50
- Provision for Income Tax	300.68	1.54	180.51	0.92	129.09	0.80	58.20	0.79	18.49	0.40	3.83	0.24
- Provision for Fringe Benefit Tax	0.00	0.00	0.00	0.00	11.65	0.07	7.46	0.10	4.57	0.10	2.19	0.13
- Provision for Deferred Tax	15.06	0.08	26.74	0.13	33.72	0.21	3.37	0.05	7.03	0.15	2.08	0.13
Net Profit after Tax but before Extraordinary Items	**662.31**	3.39	**469.95**	2.39	**304.52**	1.89	**109.78**	1.50	**49.24**	1.07	**5.58**	0.34
Extraordinary items	**27.53**	**0.14**	**67.46**	**0.35**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Forex Loss on WCFTL Loan	0.00	0.00	31.50	0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chit Loss	0.00	0.00	11.40	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on IT, FBT & Wealth Tax	27.53	0.14	24.56	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Net Profit after Extraordinary Items	**634.78**	3.25	**402.49**	2.04	**304.52**	1.89	**109.78**	1.50	**49.24**	1.07	**5.58**	0.34

Results for the Nine months ended December 31, 2010

Income from Operations

Our total Income of our company was ₹ 19529.69 Lakhs for the nine months ended December 31, 2010 and consisted of revenue from retail business.

Expenditure

Purchase of traded goods

The cost of Purchase of trading goods for the nine months ended December 31, 2010 was ₹ 15253.89 Lakhs, which is 78.11% of Total Income during the same period.

Personnel Cost

Personnel cost to our company is ₹ 371.64 lakhs for the nine months ended December 31, 2010, which is 1.90% of Total Income.

Administration Expenses

Administrative Cost to our company is ₹ 882.71 Lakhs for the nine months ended December 31, 2010, which is 4.52% of Total Income.

Selling and distribution Expenses

Selling and Distribution Cost to our company is ₹ 1461.36 Lakhs. Selling and Distribution Cost as a percentage of Total Income for the period was 7.48 %.

Finance Charges

Finance charges stood at ₹ 477.53 Lakhs for the period ended December 31, 2010, which is 2.45% of total income. The significant constituents of finance charges were bank Interest and Charges.

Loss on sale of Assets

Losses of sale of Assets to our company are ₹ 0.99 Lakhs. Selling and Distribution Cost as a percentage of total income for the period was 0.01%.

Depreciation

Depreciation is ₹ 98.43 Lakhs for Nine Months period ended December 31, 2010, which is 0.50% of the Total Income of our company.

Profit after Tax and Extra Ordinary Items

Overall "Profit after Tax and Extra Ordinary Items" of our company for Nine Months ended December 31, 2010 is ₹ 634.78 Lakhs constituting 3.25% of Total Income.

Results for the Financial Year ended March 31, 2010 as compared to the results for the year ended March 31, 2009.

Income from Operations

Income 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 increase in retail outlets established 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 22.02% due to changes in pricing policy adopted by company due to global slow down.

Personnel Cost

Personnel cost decreased from ₹ 496.75 lakhs in FY 2009 to ₹ 406.20 Lakhs.As proportion of total income, Personnel cost decreased from 3.09 % to 2.06% on account of decrease in staff due to global slow down.

Administration Expenses

Administration cost increased from ₹ 445.67 lakhs in FY 2009 to ₹ 1092.33 Lakhs in FY 2010.As proportion of total income, Administration cost decreased marginally from 6.88% to 6.79% on account of absorption of fixed assets over increased revenue.

Selling and distribution Expenses

Percentage of Selling and Distribution Expenses to our company decreased from 9.70% to5.55 % on account of absorption of fixed assets over increased revenue. Selling and Distribution Expenses to our company decreased from ₹ 1559.67 lakhs in FY 2009 as compared to ₹ 1094.18 Lakhs in FY 2010.

Finance Charges

Finance charges decreased from ₹ 545.13 lakhs in FY 2009 to ₹ 543.85 Lakhs in FY 2010. As proportion of total income, Finance Charges cost decreased from 3.39% to2.76 % this is because company has able to reduce the cost of finance due to better credit rating and increase in volume of business.

Depreciation

Depreciation increased form ₹ 93.82 lakhs in FY 2009 to ₹ 116.31 Lakhs in FY 2010. Depreciation as proportion of total income has increased from 0.58% to 0.59 % due to increase in fixed assets during the year.

Profit after Tax and Extra Ordinary Items

Profit after Tax and Extra Ordinary Items (PAT) of our Company for the year ended March 31, 2010 is increased to ₹ 402.49 Lakhs as compared to ₹ 304.52 Lakhs for the year ended March 31, 2009, registering a growth of 32.17% which is due increase in total income, better cost control measures and absorption of fixed overheads.

<u>Results for the Financial Year ended March 31, 2009 as compared to the results for the year ended March 31, 2008.</u>

Income from Operations

Income from operations has increased from ₹ 6477.05 Lakhs in FY 2008 to ₹ 12722.29 Lakhs in FY 2009 registering a growth rate of 96.42 %. This is mainly due to opening of new reail outlets and also diversification of our portfolio of offering which includes other retail goods like Gold, Silver, Women Dress Materials, Kids wear, Men's wear apart from sarees segment of Women's wear.

Expenditure

<u>Purchase of traded goods</u>

Percentage of Traded Goods of our Company decreased from 76.08% of Total Income in FY 2008 to 73.47% of Total Income in FY 2009. In absolute figures, Purchase of traded goods increased from ₹ 5583.46 lakhs in FY 2008 to ₹ 11819.96 Lakhs in FY 2009. This is due to increase in scale of operations of our Company

<u>Personnel Cost</u>

Personnel cost to our company increased from ₹ 270.46 lakhs in FY 2008 to ₹ 496.75 Lakhs in FY 2009, which is3.09% of Total Income. This increase is due to increase in work force.

<u>Administration Expenses</u>

Percentage of Administration cost to our company increased from 6.07% to 6.79 % i.e. ₹ 445.67 lakhs in FY 2008 to ₹ 1092.33 Lakhs in FY 2009. This is due to opening of new retail outlets and increase in scale of operations of our company.

<u>Selling and distribution Expenses</u>

Percentage of Selling and Distribution Expenses to our company increased from 8.30% of total income in FY 2008 to 9.70 % of total income in FY 2009 i.e. ₹ 608.86 lakhs in FY 2008 to ₹ 1559.67 Lakhs in FY 2009. This is due to increase in scale of operations of our company.

<u>Finance Charges</u>

Finance charges increased from ₹ 214.95 lakhs in FY 2008 to ₹ 545.13 Lakhs in FY 2009. This is due to increase in working capital limits.

<u>Depreciation</u>

Depreciation increased from ₹ 37.17 lakhs in FY 2008 to ₹ 93.82 Lakhs in FY 2009.This is due addition in fixed assets in the current financial year.

<u>Profit after Tax and Extra Ordinary Items</u>

Profit after Tax and Extra Ordinary Items (PAT) of our Company for the year ended March 31, 2009 is increased to ₹ 304.52 Lakhs as compared to ₹ 109.78 Lakhs for the year ended March 31, 2008. Increase in PAT was due to increase in Turnover of the company

<u>Results for the Financial Year ended March 31, 2008 as compared to the results for the year ended March 31, 2007.</u>

Income from Operations

Income from operations increased from ₹ 3394.83 Lakhs in FY 2007 to ₹ 6477.05 Lakhs in FY 2008 registering a growth rate of 47.59%. This is due to increase in Franchisee Commission / Rentals Received.

Expenditure

<u>Purchase of traded goods</u>

Percentage of Traded Goods of our Company decreased from 85.48% of Total Income in FY 2007 to 76.08% of Total Income in FY 2008. In absolute figures, Purchase of traded goods increased from ₹ 3920.96 lakhs in FY 2007 to ₹ 5583.46 Lakhs in FY 2008. This is due to Economies of scale of operations.

<u>Personnel Cost</u>

Percentage of Personnel cost to our Company decreased from 3.89% of Total Income in FY 2007 to 3.69% of Total Income in FY 2008. In absolute figures, Personnel Cost increased from ₹ 178.34 lakhs in FY 2007 to ₹ 270.46 Lakhs in FY 2008. This is due to Economies of scale of operations.

<u>Administration Expenses</u>

Percentage of Administration cost to our company increased from 4.96 % to 6.07 % i.e. ₹ 227.76 lakhs in FY 2007 to ₹ 445.67 lakhs in FY 2008. This is due to opening of new retail outlets and increase in scale of operations of our company.

<u>Selling and distribution Expenses</u>

Percentage of Selling and Distribution Expenses to our company increased from 2.76% of total income in FY 2007 to 8.30 % of total income in FY 2008 i.e. ₹ 126.46 lakhs in FY 2007 to ₹ 608.86 Lakhs in FY 2008. This is due to increase in scale of operations and opening of new outlets.

<u>Finance Charges</u>

Finance charges increased form ₹ 39.41 lakhs in FY 2007 to ₹ 214.95 Lakhs in FY 2008. This is due to increase in working capital limits.

<u>Depreciation</u>

Depreciation increased form ₹ 14.54 lakhs in FY 2007 to ₹ 37.17 Lakhs in FY 2008.This is due addition in fixed assets in the current financial year.

Profit after Tax and Extra Ordinary Items

Profit after Tax and Extra Ordinary Items (PAT) of our Company for the year ended March 31, 2008 is increased to ₹ 109.78 Lakhs as compared to ₹ 49.24 Lakhs for the year ended March 31, 2007. Increase in PAT was due to increase in Turnover of the company.

<u>Results for the Financial Year ended March 31, 2007 as compared to the results for the year ended March 31, 2006.</u>

Income from Operations

Income from operations increased from ₹ 1098.10 Lakhs in FY 2006 to ₹ 3394.83 Lakhs in FY 2007 registering a growth rate of 209.15%. This is due to increase in Franchisee Commission / Rentals Received.

Expenditure

<u>Purchase of traded goods</u>

In absolute figures, Purchase of traded goods increased from ₹ 1440.42 lakhs in FY 2006 to ₹ 3920.96 Lakhs in FY 2007. Percentage of traded goods decreased from 88.73%% to 85.48% of Total Income, due to economies of scale of operations.

<u>Personnel Cost</u>

In absolute figures, Personnel cost to our company increased from ₹ 53.93 lakhs in FY 2006 to ₹ 178.34 Lakhs. Percentage of personnel cost increased form 3.32% to 3.89%of Total Income. This is due to increase in work force to cater the growing business.

<u>Administration Expenses</u>

Percentage of Administration cost to our company increased from 4.77 % to 4.96 % i.e. ₹ 77.54 lakhs in FY 2006 to ₹ 227.76 lakhs in FY 2007. This is due to increase in scale of operations of our company.

<u>Selling and distribution Expenses</u>

Percentage of Selling and Distribution Expenses to our company increased from 1.95 % of total income in FY 2006 to 2.76 % of total income in FY 2007 i.e. ₹ 31.62 lakhs in FY 2006 to ₹ 126.46 lakhs in FY 2007. This is due to increase in scale of operations.

<u>Finance Charges</u>

Finance charges increased from ₹ 3.74 lakhs in FY 2006 to ₹ 39.41 Lakhs in FY 2007. This is due to increase in working capital limits

<u>Depreciation</u>

Depreciation increased from ₹ 2.42 lakhs in FY 2006 to ₹ 14.54 Lakhs in FY 2007.This is due addition in fixed assets in the current financial year.

Profit after Tax and Extra Ordinary Items

Profit after Tax and Extra Ordinary Items (PAT) of our Company for the year ended March 31, 2007 is increased to ₹ 49.24 Lakhs as compared to ₹ 5.58 Lakhs for the year ended March 31, 2006. Increase in PAT was due to increase in Turnover of the company.

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 DRHP, 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", "Our Business" on page nos 14 & 97 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 78.

(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 DRHP.

(h) The extent to which the business is seasonal

There is no seasonality in our business segments.

(i) Competitive Condition

We face competition from well-established players and unorganised sector.

FINANCIAL INDEBTEDNESS

SECURED LOANS

(₹ In lakhs)

Particulars	31.03.06	31.03.07	31.03.08	2.07.2008*	31.03.09*	31.03.10	31-12-10
Term loan from Banks	-	288.39	1110.01	1088.00	877.49	581.69	890.87
Working Capital / Cash Credit from Banks	-	398.09	729.83	1215.60	3692.27	3587.66	4160.34
Vehicle Loan	15.49	17.88	18.63	26.68	17.63	10.35	34.85
Total	**15.49**	**704.36**	**1858.47**	**2330.28**	**4587.39**	**4179.70**	**5086.06**

Note: The status of the Company up to July 2, 2008 was that of a partnership firm.

Name of the Leder	Facility	Sanctioned Limit	Balance O/s as on 30.04.2011	Rate of Interest	Repayment Schedule	Securities Offered	
State Bank of India	Term Loan	200.00	-	6% above SBBR	16 Qtrly. @ 12.50 lakhs each	For CC	Hypotication of stocks, receivables and other current assets
	Term Loan	460.00	31.91	6% above SBBR	13 Qtrly. @ 33.00 lakhs each 1 Qtr.@ 31.00 lakhs	Term Loans	Hypotication of Fixed Assets present and future along with other bank in the MBA. and First charge on the current assets
	Term Loan	250.00*	115.90	6% above SBBR	48 monthly installments of ₹ 4.98 lakhs each	Collateral :	1. Commercial Building at Vijayawada admeasuring 323 Sq.Yds belonging to late P. Hanumantha Rao, S/o. Late Appa Rao (Represented by his leagal heirs Smt. P. Dhanalakshmi and Chalavadi .Jhansi Rani) 2. Residential Building situated in Mogalrajapuram, Vijayawada admeasuring 586.40 Sq.yds, belonging to, Smt. P. Dhanalakshmi. 3. Open Site admeasuring 332 Sq.Yds vide plot No. 6, situated at Shaikpet, Hyderabad belonging to A.Subash Chandra Mohan 4. Two Plots of Open Land measuring 200 Sq.Yds, each belonging to Sri Ch.N.K.D. Prasad, situated at 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 at Kukatpally, R.R. District with appurtenant site of
	Term Loan	45.00*	21.83	6% above SBBR	48 monthly installments of ₹ 0.94 lakhs each		
	Term Loan	160.00*	75.18	6% above SBBR	48 monthly installments of ₹ 3.22 lakhs each		
	CC	2750.00	2700.01	5.5% above SBBR	On demand		
	Term Loan	275.00	255.22	6% above SBBR	12Qtrly. @ 23.00 lakhs each 1 Qtr.@ 22.00 lakhs		
	Term Loan	784.00	556.47	6% above SBBR	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		622.83 Sq.Yds, in the name of Sri Ch.Suhas Reddy 304 Sq.Yds) and in the name of Smt. Ch.Vijaya (318.83 Sq.Yds).
State Bank of India	SLC	100.00	101.01	5.5% above SBBR	On demand	Guarantors :	CHNKD Prasad, CH Jhansi Rani, Annam Kalyan, nnam Subhash Chandra Mohan & Perumalla Dhanalakshmi, CH Suhas Reddy, CH Vijaya and CHDK Durga Rao, Annam Suchitra, Annam Swojayana, Annam Venkata Rajesh. Shri Ch. Suhas Reddy and Smt. Ch Vijaya shall be limited to extent of value of property in their name.
	ADHOC	200.00		5.5% above SBBR	On demand		
State Bank of Hyderabad	CC	1000.00	844.96	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
	SLC	150.00	151.95	0.25% above PLR	On demand	Pledge :	TDR of ₹ 180 Lakhs.
						Guarantors :	CHNKD Prasad, CH Jhansi Rani, Annam Kalyan, Annam Subhash & M Haribabu (to the extent of value of collateral)
AXIS Bank Ltd	Vehicle Loan	9.57	4.98	11.28 %	60 Monthly Installments of ₹ 0.20748 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA INNOVA" Vehicle acquired.
Bajaj Auto Finance Ltd	Vehicle Loan	0.34	Nil	23.42 %	24 Monthly Installments of ₹ 0.01742 lakhs each		This vehicle loan is secured with hypothecation of "BAJAJ PLATINA" Vehicle acquired.
Bajaj Auto Finance Ltd	Vehicle Loan	0.26	0.04	9.99%	24 Monthly Installments of ₹ 0.01300 lakhs each		This vehicle loan is secured with hypothecation of "BAJAJ PLATINA" Vehicle acquired
Bajaj Auto Finance lTD	Vehicle Loan	0.26	0.04	9.99%	24 Monthly Installments of ₹.0.01300 lakhs each		This vehicle loan is secured with hypothecation of "BAJAJ PLATINA" Vehicle acquired
Cholamandalam	Vehicle Loan	2.25	Nil	7.75%	35 Monthly Installments of ₹ 0.07923 lakhs. each		This vehicle loan is secured with hypothecation of "TATA VAN" Vehicle acquired.
HDFC Bank Ltd	Vehicle Loan	10.90	7.83	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	3.80	6.14%	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	7.40	--	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	7.44	6.85	--	36 Monthly Installments of ₹ 0.24055 lakhs each		This Vehicle loan is secured with hypothecation of "VOLKSWAGAN VENTO "Vehicle acquired.

ING VYSYA Bank Ltd	Vehicle Loan	16.70	14.24	9.75%	36 Monthly Installments of ₹ 0.53691 lakhs each		This Vehicle loan is secured with hypothecation of "TOYATA FORTUNER" Vehicle acquired.
Kodak Mahindra Bank Ltd	Amortised Overdraft	750.00	663.01	Base rate +5.00 %	Fortnight Installment to be deducted from the OD Limit and the entire Limit to be repaid in 24 months.	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.
						Additional Conditions	To collect ₹ 60, 000.00 per month in total towards cash pick -up charges.

*The total amount sanctioned for Term Loan III is ₹ 900.00 Lakhs but the amount disbursed for the same is ₹ 439.00 Lakhs.

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 statutory dues, institutional or bank dues or amounts due to holders of debentures, bonds and fixed deposits and arrears of preference shares;

- No disciplinary action has been taken by SEBI or any stock exchanges against the Company or its Directors or its Promoter Group Companies;

- There are no outstanding litigations, suits or criminal / civil proceedings or tax liability against the Company, its Directors, Promoters and Promoter Group, that would have an adverse effect on the Company's business as of the date of this Report.

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 the Company
Part B: Cases involving the 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 THE COMPANY

1. Cases/ proceedings filed/pending against the Company

1.1 Claim under Motor Vehicles Act

A claim petition (O.P. No. 1851/2009) for compensation u/s. 166 of the Motor Vehicles Act, 1988, rule 475 of A. P. Motor Vehicle Rules, 1989 and Section 140 (c) of the Motor Vehicles Act, 1988 had been filed against the Company in the court of the Motor Vehicle Accidents Claims Tribunal, Hyderabad by one Mr. M. Laxman, the grandson of the late Ms. M. Laxamma, who died on 25.02.2009 in an accident involving the Company's car. The claimant had sought, jointly and severally, monetary compensation for a sum of ₹ 1, 00,000/- alongwith interest @ 12% p.a. from the Company and the insurance company i.e. Reliance General Insurance Co. Ltd.

Thereafter, the case was referred to the Lok Adalat, City Civil Court Legal Services Authority, Hyderabad to explore the possibility of amicable settlement. The said Lok Adalat vide its award dated 19.02.2011 in L.A.C. No. 133/2011 awarded the petitioner a sum of ₹ 55,000/- as compensation towards full and final settlement of all his claims. In view of Lok Adalat's order, the financial liability on the Company in the matter is NIL.

1.2 CLB Proceedings

The Company has on 31.01.2011 filed an application for compounding under Section 621A of the Companies Act, 1956 before the Company Law Board, Chennai ("CLB") 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 application is pending before the CLB. The maximum penalty that may be levied on the Company and every officer of the Company who is indefault for each of the above violation is fine upto ₹ 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 default continues.

1.3 Income Tax

1.3.1 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 the Company. The 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 the Company.

1.3.2 AY 2009-10

The Company has received notices dated 24.08.2010 and 31.08.2010 issued u/s. 143(2) of the Income Tax Act, 1961 from the office of Asst. Commissioner of Income Tax, Circle 6(1), Hyderabad calling upon the Company to furnish certain information and documents with respect to the return filed for the AY 2009-10. Assessment for the said year is still pending before the said Asst. Commissioner of Income Tax.

1.4 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 the 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 the Company to appear / represent itself before the said Distrcit Registrar on 07.02.2011 and pay the deficit stamp duty aggregating to ₹ 9,04,025/-. The 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 the Company

2.1 Writ Petition

The 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 (clarifying that service tax is liable to be paid on the rental amount) as being contrary to law and liable to be quashed. The Company has taken some premises on rent in Bengaluru for running the business of retail stores. 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. On inquiry, the landlords intimated that they have been served notices by the Service Tax Department. Hence, the said petition has been filed. The Hon'ble High Court vide its interim order dated 12.01.2011 granted stay on the operation of the demand notices in the matter, which stay has been further extended until the first week of June, 2011 by Hon'ble High Court.

B. CASES INVOLVING THE COMPANY'S DIRECTORS

Proceedings under Negotiable Instruments Act

1.1 A complaint (C C. No. 1574/2008) was filed by Ms. Anita Sakuru, an Independent Director of the Company before the III^rd Additional Chief Magistrate, Nampally, Hyderabad u/s. 138 of the Negotiable Instruments Act, 1881 r/w. Sections 420, 120B & 347 of the Indian Penal Code against one M/s Sai Surya Realtors and Developers, a partnership firm having its office at No. 5, Sterling Manor, 3^rd Cross Street, Sterling Road, Nungambakkam, Chennai and its two partners for dishonour of cheque for a sum of Rupees Seventy (70) Lacs. Subsequently, a Settlement Deed was entered into between Ms. Anita Sakuru and M/s. Sai Surya Realtors on January 29, 2009 to settle the matter on payment of Rupees One Crore towards full and final settlement.

However, the said case has not been withdrawn and continues to be pending before the said Magistrate Court.

1.2 A complaint (C C. No. 3/2007) has been filed by Ms. Anita Sakuru, an Independent Director of the Company before the III^rd Additional Chief Magistrate, Nampally, Hyderabad u/s. 138 and 142 of the Negotiable Instruments Act, 1881 r/w. Sections 420 of the Indian Penal Code against one Mr. A. Mallikarjuna, residing at Flat No. 105, Rekha Towers, H.No. 6-3-661/1, Somajiguda, St. No.4, Hyderabad- 500004 for dishonour of three cheques aggregating to a sum of Rupees Thirty (30) Lacs. The matter was subsequently transferred to the court of XVIII Addl. Chief Magistrate, Nampally, Hyderabad (CC No. 141/2010) and is pending hearing and final disposal.

C. CASES INVOLVING THE GROUP COMPANIES

Proceedings under Indian Penal Code and Negotiable Instruments Act

Union Bank of India, Ramkote Branch, Hyderabad has filed a complaint (CC. No.286/2009) before the XX^{h} Addl. Chief Metropolitan Magistrate Court, Hyderabad against Sai Swarnamandir Jewellers Pvt. Ltd. u/s. 420, 120B read with S. 34 of the Indian Penal Code and u/s. 138 of the Negotiable Instruments Act, 1881 in relation to alleged dishonour of cheque aggregating to Rupees Seventy (70) Lacs. The said cheque which was issued by Sai Swarnamandir Jewellers Pvt. Ltd.in favour of Sri Ramu Jidige, sole properitor and M/s karat 24, (Accused No.1) was purchased by Union Bank of India. The Court has taken cognizance of the matter and issued summons to the accused. The matter is pending before the said Magistrate Court.

D. CASES INVOLVING THE DIRECTORS OF THE GROUP COMPANIES

Mr. M. Prakash, the then Managing Director of Sai Swarnamandir Jewellers Pvt. Ltd. is one of the accused named in a complaint (CC. No.286/2009) filed by Union Bank of India, Ramkote Branch, Hyderabad before the XX^{h} Addl. Chief Metropolitan Magistrate Court, Hyderabad u/s. 420, 120B read with S. 34 of the Indian Penal Code and u/s. 138 of the Negotiable Instruments Act, 1881.

For further details in the matter, please refer to para C above.

E. CASES INVOLVING THE PROMOTERS

Mr. Chalavadi Naga Kanaka Durga Prasad, Chairman and Managing Director of the Company has received summons (under Section 37 of FEMA read with Section 131 of the Income Tax Act, 1961) in connection with an investigation being carried out by the Assistant Director, Directorate of Enforcement, GOI, Hyderabad under the provisions of FEMA. Mr. Chalavadi Naga Kanaka Durga Prasad has received summons on several occasions during the period 03.01.2008 to 30.04.2009 from the Enforcement Directorate, directing him to appear before the said authorities along with relevant documents/information such as his passport, bank accounts, property details, business details and Income Tax returns for the last 5 years. Mr. Mr. Chalavadi Naga Kanaka 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. The said matter is pending with the said Assistant Directorate.

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 DRHP, have arisen since the date of the last audited balance sheet for the period ended on December, 2010 which materially affect or are likely to affect the trading and profitability of the 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 stores at Banjara Hills & Jayanagar on 13.02.2011 and 24.03.2011 respectively.
2. Achieving commercial operations on 31.03.2011 with respect to 1 MW wind generation capacity at the Company's plant located at Kurnool, A.P. for which it has procured Commissioning Certificate dated 06.04.2011.

G. AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS

Save and except the aggregate amount of approx ₹ 754 Lakhs, being an amount due to creditors in ordinary course of business, the 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 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.

In view of the approvals listed below, the Company can undertake its current business activities and no further material approvals from any statutory authority are required for continuing those activities.

The following statement sets out the details of licenses, permissions and approvals taken 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	Period of validity, if specified
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	AAMCS1175P	03.07.2008	-
4	Tax Deduction Account No.	Income Tax Department	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	28128214275	09.05.2008	-
8	Karnataka Professional Tax Payer Enrollment Certificate	Commercial Tax Officer, Bangalore	P043110904	17.09.2009	-
9	Tax Payers' Identification Number (TIN), A.P.	Commercial Tax Officer, Punjagutta, Hyderabad	28531009785	09.03.2010	-
10	Tax Payers' Identification Number (TIN), Karnataka	Asst. Commissioner of Commercial Taxes, Bangalore	29540808210	21.05.2009	-
11	Registration under Karnataka Shops & Establishments Act, 1961 in respect of the following retails stores situated at:	Inspector, under Karnataka Shops & Establishments Act, 1961			
12	Jayanagar		HE/KA/NE/B- 13:60:	08.01.2008	31.12.2012

Sr. No	Particulars	Granting Authorities	Registration/Approval /Code No./ Artistic Work No.	Date of Issue	Period of validity, if specified
			AH:1155:2008		
	Chikpet		HE/KA/NE/B- 20:28: A:5576:2009	09.03.2009	31.12.2013
	M.G. Road		76/ V.SA.5095	19.09.2008	31.12.2012
	Malleswaram		No.6/R/1487/2008	09.01.2008	31.12.2012
	Marthalli		VA:YE:AH/241/2008	19.09.2008	31.12.2012

II. APPROVALS PERTAINING TO WIND POWER 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. Our 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 of2 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 our 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	Period of validity, if specified
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.	Provisional approval of drawings for the erection of equipment	Chief Electrical Inspector to Govt. of A.P.	Lr. No. CEIG/TS/HV/KNL-56/D.No. 685/11	01.02.2011	01.02.2012
4.	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	-
5.	Commissioning Certificate for 1 MW wind energy	Divisional Elecl. Engineer, APCPDCL	Lr. No. DEE/O/NDL/Coml./ F.No. Shriram	06.04.2011	-

Sr. No	Particulars	Granting Authority	Registration/Approval/Code No./ Artistic Work No.	Date of Issue	Period of validity, if specified
	generation		EPC/D.No. 436/12		

III. APPROVALS APPLIED FOR

Sr. No.	Particulars	Granting Authority/ Applied to	Application/ Challan/ Reference No.	Date of Application
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.	*Approval from Central Government for entering into Licence Cum User Agreement with the Promoter, Ms. Jhansi Durga Prasad in respect of Trade Mark "KALAMANDIR" (No. 1384933) under Class 24	Central Government	B11710910	06.05.2011
15.	Renewal of registration under A.P. Shops & Establishments Act, 1988 in respect of the following retail outlets situated at:	Commissioner of Labour		
	Ameerpet		178484	30.11.2010
	Dilsukhnagar		178486	30.11.2010
	Kukatpally		178485	30.11.2010
	Banjara Hills		210682	18.03.2011
	Vijayawada		50671	09.11.2010
	Patny, Secunderabad		200776	02.02.2011
	Guntur		52072	24.11.2010

IV. APPROVALS TO BE OBTAINED

- *To be registered as Registered User with respect to registered trade mark “KALAMANDIR” (No. 1384933) under Class 24.
- Commissioning Certificate with respect to the remaining 1 MW wind energy generation at Kurnool Plant.
  ** Presently the said Trade Mark “KALAMANDIR” (No. 1384933) under Class 24 is registered in the name of the Company’s Promoter, Ms. Jhansi Durga Prasad.*

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,				
	2006	2007	2008	2009	2010
Fixed Assets (Net)	112.06	370.06	1063.35	1635.64	1598.88
Current Assets, Loan & Advances	868.01	2340.34	3452.13	6715.77	6291.83
Investments	-	3.00	3.00	3.00	3.00
Less: Current Liabilities & Provisions	592.64	1236.45	1198.85	1429.62	1083.93
Less Cash Credit	-	398.09	729.83	3692.27	3587.66
Net Tangible Assets*	**387.43**	**1078.86**	**2589.80**	**3232.52**	**3222.12**
Monetary Assets	21.19	5.66	290.78	59.77	106.05

***Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (including Cash Credit and excluding deferred tax liabilities and secured as well as unsecured long term liabilities). Monetary assets include cash on hand and bank balances.

b) Our Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years.

(₹. in Lakhs)

Particulars	Year Ended March 31,				
	2006	2007	2008	2009	2010
Net Profit after tax, as restated	5.58	49.24	109.78	219.16	402.49

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,				
	2006	**2007**	**2008**	**2009**	**2010**
Equity Share Capital	369.74	763.36	1448.56	2000.00	2000.00
Reserve & Surplus	-	-	-	304.52	590.02
Total	-	-	-	-	-
Less: Miscellaneous expenditure	-	-	-	13.45	31.60
Less: Deferred Tax Assets	-	-	-	-	-
Net Worth	**369.74**	**763.36**	**1448.56**	**2291.07**	**2558.42**

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:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTED SHARES IN DEMATERIALISED MODE ONLY.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE 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.

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 DRHP 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 DRHP 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 DRHP has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this DRHP may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this DRHP 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

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. The Disclaimer Clause as intimated by BSE to our Company, post scrutiny of this DRHP, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. The Disclaimer Clause as intimated by NSE to our Company, post scrutiny of this DRHP, shall be included in the Red Herring Prospectus prior to the RoC filing.

FILING

A copy of the Draft 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 Bombay Stock Exchange 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.

Bombay Stock Exchange Limited shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Bombay Stock Exchange and National Stock Exchange, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this DRHP. 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 [•] 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:

(₹ In Lakhs)

Sr. No.	Activity Expense	Amount (Rs 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 & selling expense	**[●]**	**[●]**	**[●]**
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 commission	**[●]**	**[●]**	**[●]**
6	Other expenses (Auditors fees, Research report etc.)	**[●]**	**[●]**	**[●]**
	Total Estimated Issue Expenditure	**[●]**	**[●]**	**[●]**

** Will be incorporated after finalisation of Issue Price.*

IPO Grading

This Issue has been graded by [●] and has been assigned a grade of IPO Grade [●] indicating [●], through its letter dated [●].

The rationale furnished by the grading agency for its grading will be available for inspection and will be provided to the Designated Stock Exchange and updated at the time of filing the Red Herring Prospectus with the RoC.

Disclaimer of IPO Grading Agency - [●]

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 50 of this Draft 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 Draft 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 ASBA 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 50 of this Draft 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 Draft Red Herring Prospectus, the 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 248 of this Draft 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 248 of this Draft 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 [●] edition of English national daily [●], [●] edition of Hindi national daily [●] and [●] edition of regional language newspaper [●] at least two 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	**[●]**
BID/ISSUE CLOSES ON	**[●]**

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 8 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) A 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 50 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 248 of this Draft 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 ₹ 10,200 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*	Upto [●] 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	Upto 50% 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 15% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% 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: (b) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (c) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
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
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	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies,	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta).

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	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.	corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals	.
Terms of Payment	Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members #	Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members#	Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members #
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 to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.*

* Upto 50% 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 15% 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 35% of the Issue will be available for allocation to Retail Individual Bidders subject to valid Bids being received at the Floor Price.

Under-subscription, if any, in any category, would be met with spillover from other categories at sole discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum

Application Form.

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 are not allowed to withdraw their Bids after the Bid/Issue Closing Date. 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 receives minimum subscription but wishes to withdraw the Issue after Issue Opening but before allotment, our Company will give public notice giving reasons for withdrawal of Issue. The Public Notice will appear in an English national newspaper, a Hindi national newspaper and one regional language newspaper with wide circulation.

Bidding/Issue Programme

BID/ISSUE OPENS ON	**[●]**
BID/ISSUE CLOSES ON	**[●]**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 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 (excluding the ASBA Bidders) 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. (The latest circular by SEBI, which permits syndicate / sub-syndicate members to update at certain centers to be brought out here)

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.

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 two 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 Syndicate. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.

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. Please note that all the Bidders are required to make payment of the full Bid Amount or instruct the SCSB to block the full bid amount along with the Bid cum Application Form. It is to be mentioned here that application by QIBs and NIIs is to be compulsorily by ASBA process as per recent SEBI Directive

Book Building Procedure

The Issue is being made through the 100% book building method where in upto 50% 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 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% 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.

ASBA Process

It may also 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) from May 2, 2011. ASBA Bidders shall submit an ASBA Bid-cum-Application Form either (i) in physical form to the Designated Branch of an SCSB/Syndicate ASBA or (ii) in electronic form through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the bank account ("ASBA Account") specified in the ASBA Bid-cum-Application Form used by ASBA Bidders. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account, on the basis of an authorization to this effect given by the account holder at the time of submitting the Bid. The ASBA data shall be uploaded by the SCSB in the electronic bidding system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB/Syndicate ASBA for unblocking the relevant bank accounts and for transferring the requisite amount to the Public Issue Account. In case of withdrawal or failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLMs and/or the Registrar.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. The Bid cum Application Forms or ASBA Bid cum Application form 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.

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 and ASBA Bid cum Application Form

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. The Bid Cum Application Form and the ASBA Bid cum Application Form shall contain information about the Bidders, the price and the number of Equity Shares Bid for. On 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 member of the Syndicate or Sub-Syndicate Members and the SCSBs, the Bidder is deemed to have authorised our Company to make the necessary changes in the Draft 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.

The ASBA Bidder shall submit the ASBA Bid-cum-Application Form at the relevant Designated Branches of Syndicate/ Sub-Syndicate Members and SCSBs. Syndicate/ Sub-Syndicate Members should forward a schedule (containing application number and amount) along with application forms to the branch named for 'Syndicate ASBA' of the respective SCSBs for blocking of Fund.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

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 (ASBA as well as non-ASBA Bidders*)	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non-ASBA Bidders*)	Blue
Resident ASBA Bidders	White
Non-resident ASBA Bidders	Blue

* *Bid cum Application forms for ASBA Bidders and the abridged prospectus will be available on the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Issue Opening Date.*

Who can Bid**?**

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- 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. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI (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 under the Non-Institutional Bidders category;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- 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, India;
- 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;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Insurance funds set up and managed by the army, navy or air force of the Union of India; and
- Insurance funds set up and managed by Department of Posts, India.
- Any other QIBs permitted to invest, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals in the Issue

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.

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.

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.

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

The 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.

Bids by Eligible NRIs

Bid-cum-Application Form (Blue in colour) or the ASBA Bid-cum-Application Form, as the case may be, have been made available for Eligible NRIs at the Registered Office and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their NRE/FCNR accounts shall be considered for allotment under the Eligible NRI category on repatriable basis. Eligible NRIs intending to participate in the bidding process shall ensure that their foreign address is registered with their depository participant or furnished on the Bid-cum-Application form. Post Allotment, if any, on repatriable basis, our Company is required to file FC-GPR with the Reserve Bank of India through an authorised dealer along with a KYC (Know Your Client) report issued by their banker. Eligible NRIs who may be Allotted Equity Shares of our Company in the Issue are required to facilitate the issue of the above said report to be furnished to RBI. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-Cum-Application Form meant for Resident Indians (White colour Form) and shall not use the forms meant for reserved category. All instruments accompanying bids shall be payable in Mumbai only.

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 capital.

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.

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.

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 Draft 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 Draft Red Herring Prospectus.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity 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.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares in multiples of [•] 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 cannot withdraw its Bid after the Bid/Issue Closing Date 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. Accordingly, a QIB investor will not be allowed to withdraw their Bids after the Bid/issue Closing Date or one Working Day prior to the Bid/Issue Closing Date as may be applicable. Under the present Regulations, a bid by a QIB or an NII must be only through the ASBA process.

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 in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders:

1. Our Company in consultation with the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two (2) national newspapers (one each in English and Hindi) and one (1) Regional newspaper, each with wide circulation in the format prescribed under SEBI (ICDR) Regulations. Further, the Price Band and minimum bid lot size as decided by our Company, in consultation with the BRLMs, including the relevant financial ratios computed for both the Cap Price and the Floor Price shall also be disclosed atleast two (2) Working Days prior to Bid/Issue Opening Date in two (2) national newspapers (one each in English and Hindi) and one (1) Regional newspaper, each with wide circulation. 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.

2. Our Company will file the Red Herring Prospectus with the RoC at least three (3) days before the Bid/Issue Opening Date.

3. The BRLMs shall dispatch the Red Herring Prospectus and other issue material including ASBA Bid-cum-Application Forms, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Issue, investors' associations and SCSBs in advance.

4. 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.

5. The Members of Syndicate will circulate copies of the Bid-cum-Application Form to potential investors, and at the request of potential investor's, copies of the Red Herring Prospectus will be provided.

6. Copies of the Bid cum Application Form will be available for all categories of Bidders, with the members of the Syndicate and at our Registered Office and our Corporate Office. ASBA Bid cum Application Forms in physical form will be available with the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date.

7. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLMs or Members of Syndicate or their authorized agent(s) to register their Bids. The Members of the Syndicate shall accept Bids from the Bidder during the Issue Period in accordance with the terms of the Syndicate Agreement. The Bids should be submitted on the prescribed Bid-Cum-Application Form only. Bid-Cum-Application Forms

should bear the stamp of the members of the Syndicate. Bid-Cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

8. Retail bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids. QIB or NII bidders must use ASBA process only.

9. ASBA Bidders who would like to obtain the Red Herring Prospectus and / or the ASBA Bid-cum-Application Form can obtain the same from the Designated Branches or the BRLMs. ASBA Bidders can also obtain a copy of the Red Herring Prospectus on the website of the Company and the website of the BRLMs as also the website of SEBI and/or the ASBA Bid-cum-Application Form in electronic form on the websites of the SCSBs.

10. Copies of ASBA BCAFs will be available for downloading and printing, from website of the Stock Exchanges (which provide electronic interface for ASBA facility). A unique application number will be generated for every ASBA Bid-cum-Application Form downloaded and printed from the websites of the Stock Exchanges.

11. The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid-cum-Application Forms to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Issue through the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Bid-cum-Application Forms and that the same are made available on the websites of the SCSBs.

12. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid-cum-Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSBs before submitting the ASBA Bid-cum-Application Form to the respective Designated Branches of Sydicate/ Sub-Syndicate Members and SCSBs.

13. The Bids should be submitted to the SCSBs on the prescribed ASBA Bid-cum-Application Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

14. The SCSBs shall accept Bids only during the Bidding Period and only from the ASBA Bidders.

15. ASBA Bid-cum-Application Form should bear the code of the Syndicate Member and / or Designated Branch of the SCSB.

16. With respect to Bids by ASBA Bidders ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.

17. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid-cum-Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid-cum-Application Form.

18. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms (other than the ASBA Bid-cum-Application Forms) should bear the stamp of the Syndicate Member. Bid-cum-Application Forms which do not bear the stamp of a Syndicate Member will be rejected. ASBA Bid-cum-Application Form should bear the code of the Syndicate Member and/or Designated Branch of the SCSB. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid-cum-Application Form in electronic form.

19. The Bids should be submitted to the SCSBs or Sydicate/ Sub-Syndicate Members on the prescribed ASBA Bid-cum-Application Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

20. The Price Band will be decided by our Company in consultation with the BRLMs at least two (2) Working Days prior to the opening of the Issue and shall also be published in all editions of [●] and [●] and the Regional edition of [●].The Bidders can Bid at any price within the Price Band, in multiples of [●] Equity Shares. In

accordance with the SEBI (ICDR) Regulations, our Company in consultation with the BRLMs, and without prior intimation or approval from the Bidders, reserves the right to revise the Price Band during the Bidding/Issue Period. The cap on the Price Band will not be more than 120% of the floor of the Price Band.

21. Our Company, in consultation with the BRLMs, shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

22. ASBA Bid cum Application Forms in physical form will be available with the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date. Further, the SCSBs will ensure that the abridged Red Herring Prospectus is made available on their websites.

23. SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account. Eligible ASBA Bidders may also approach the Designated Branches to register their Bids through the ASBA process.

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 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.

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 at least two Working Days prior to the Bid/Issue Opening Date. The members of the Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.

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 at the terminals of the members of the Syndicate.

3. During the Issue Period, Bidders who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid. The members of the Syndicate accepting Bids have the right to vet the Bids during the Issue Period in accordance with the terms of the Red Herring Prospectus. ASBA Bidders Bidding through Syndicate ASBA should submit their Bids to the members of the Syndicate. ASBA Bidders Bidding through the SCSBs are required to submit their Bids to the Designated Branches of such SCSBs.

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 223 of this DRHP) 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 or ASBA Bid cum Application Form after Bids on one Bid cum Application Form or ASBA Bid cum Application Form have been submitted to the members of the Syndicate or SCSBs, as the case may be. Submission of a second Bid cum Application Form or ASBA Bid cum

Application Form to a Manager or an SCSB 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 or the ASBA Revision Form, the procedure for which is detailed under the paragraph entitled "Build up of the Book and Revision of Bids". Provided that Bids submitted by a QIB in the Anchor Investor Portion and in the Net QIB Portion will not be considered as multiple Bids. Further, Eligible Employees Bidding under the Employee Reservation Portion may also Bid in the Net Issue and such Bids will not be treated as multiple Bids.

6. The members of the Syndicate/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. Bids by QIBs under the QIB Portion shall not be considered as multiple Bids.

8. 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 224 of this DRHP.

   a. The Identity of the QIB Bidders shall not be made public
   b. In case of ASBA- Bid CUM Application Form, the Bidders may approach the Syndicate ASBA. /SCSBs to submit their bids.

9. Upon receipt of the ASBA Bid cum Application Form, 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 ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

10. 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.

11. If sufficient funds are available in the ASBA Account, the SCSBs shall block an amount equivalent to the Bid Amount mentioned in the ASBA 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.

12. The Designated Branches of the SCSBs or Sydicate/ Sub-Syndicate Members shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid-cum-Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders.

13. The ASBA 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

14. 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 ASBA 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.The application data shall thereafter be uploaded by SCSB in the electronic bidding system through a web enabled interface provided by the Stock Exchanges.In case an ASBA investor wants to withdraw his/her ASBA during the bidding period ,he/she shall submit his/her qithdral request to SCSB/Syndicate ASBA which shall do the necessary including deletion of details of withdrawn ASBA from the electronic bidding system of the stock exchange(s) and unblocking of the funds in the relevant bank account.In case the ASBA investor wants to withdral his/her ASBA after the bid closing date,he/she shall submit withdral request to the Registrar to the Issue.The Registar shall dlete the withdrawn bid from the Bid file.

15. An ASBA investor shall submit an ASBA Form physically to the Syndicate/Sub Syndicate/SCSBs/Syndicate ASBA including the mode of payment option in the application form.The Syndicate ASBA shall give an acknowledgement by giving a counter foil as proof of having accepted his/her application.The Syndicate Member shall upload bid details and other relevant details in the electronic bidding system provided by stock exchanges(s),which allows syndicate members to undertake modification in of selected fields in the bid details already uploaded.The Syndicate ASBA then forwards the ASBA form to the designated branch of SCSB alongwith the schedule (containing application number,payment instrument number and amount) The SCSB shall then verify the signature and block the application money in the bank account specified in the ASBA form,on the basis of authorisation to this effect given by the account holder in the ASBA.The application money shall remain blocked in the bank account till finalisation of basis of allotment in the issue or withdrawl/failure of the Issue or till withdrawl/rejection of the application,as the case may be.

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 disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

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. 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.Retail Individual Bidders shall receive the refund of the excess amounts from the Refund account in the manner decribed under Paragraph"Payment of Refund"

6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and 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 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 Draft 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 Escrow Account.

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 ₹ 5,000 to ₹ 7,000.

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 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 Draft 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. **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.**

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 234 of this DRHP.

ELECTRONIC REGISTRATION OF BIDS

1. The members of the Syndicate and the SCSBs /Syndicate ASBA 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 Syndicate Members and the SCSBs,/Syndicate ASBA (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs/Syndicate ASBA or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the members of the Syndicate and/or the SCSBs/Syndicate ASBA 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.

2. The Syndicate and the SCSBs/Syndicate ASBA will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.

3. 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/Syndicate ASBA during the Bidding/ Issue Period. The Syndicate 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 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.

4. 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.

5. At the time of registering each Bid other than ASBA bid, the members of the Syndicate 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;
- 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 or the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the on-line system:

- Name of the Bidder(s);
- ASBA 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; and
- Bank Account Number;

6. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/allotment either by the members of the Syndicate or our Company.

7. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

8. Incase of QIB Bidders, only the BRLMs and their affiliate members of the Syndicate 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. The members of the Syndicate 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.

9. 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 Draft 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.

10. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus or Red Herring Prospectus has been cleared or approved by the BSE or the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus or Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

11. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period, after which the Registrar will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's records.

BUILD UP OF THE BOOK AND REVISION OF BIDS

1. Bids received from various Bidders through the members of the Syndicate 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. 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.

4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form or the ASBA Revision Form, as the case may be. Apart from mentioning the revised options in the Revision Form or the ASBA Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form, ASBA Bid cum Application Form or earlier Revision Form/ASBA Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form/ ASBA Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form/ASBA Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form or the ASBA Revision Form, as the case may be. The members of the Syndicate and the Designated Branches will not accept incomplete or inaccurate Revision Form/ ASBA Revision Form.

5. 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 or the SCSBs/Sydicate 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 / ASBA Revision Form or copies thereof.

6. Any upward 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 Draft Red Herring Prospectus. In case of QIBs bidding under the Net QIB Portion, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or through the electronic transfer of funds for the incremental amount to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIBs. With respect to ASBA Bids, if revision of the Bids results in an incremental amount, the SCSB shall block the incremental amount.

7. 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) shall 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 ₹ 2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 2,00,000, 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 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 Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

9. QIB Bidders shall not be allowed to withdraw their bids after the closure of the Issue.

10. 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. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the 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 by the QIB Bidders. In such cases, the members of the Syndicate 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.

11. In the case of ASBA Bids, after the Bid/Issue Closing Date, the SCSBs shall provide to the Registrar to the Issue aggregate information relating to the total number of ASBA Bid-cum- Application Forms uploaded and the total number of Equity Shares and total amount blocked against the uploaded ASBA Bid-cum-Application Forms. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs.

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 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. After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with our company.

2. 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.

3. The allocation to Non-Institutional Bidders and Retail Individual Bidders would be on proportionate basis, in the manner specified in the SEBI (ICDR) Regulations, 2009, the RHP and Prospectus in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. In case of over-subscription in all categories, upto 50% 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 15% of the issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids received at or above the Issue Price.

5. Under subscription, if any, in any categories would be allowed to be met with spill over from any of the other categories at the sole discretion of our Company and the BRLMs. However, if the aggregate demand by Mutual Funds is less than **[●]** Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

6. Allocation to NRI's, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.

7. QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

8. Our Company reserves the right to cancel the Issue any time after the Bid Opening Date, but before the Allotment. QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid Closing Date. 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.

9. 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. Our Company, in consultation with BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reason thereof.

10. If an ASBA Bidder wants to withdraw the ASBA 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 ASBA Bid-cum-Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.
    If an ASBA Bidder wants to withdraw the ASBA 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.

11. The allotment details shall be uploaded on the website of the Registrar to the Issue.

12. An oversubscription to the extent of 10% of this Issue can be retained for the purposed of rounding off and making Allotments in minimum lots, while finalising Basis of Allotment.

SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING

1. Our Company, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after finalization of the Issue Price and allocation(s) to the Bidders.

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 Prospectus wit the RoC

Our Company will file a copy of the 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 receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, 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.

Investors Are Advised To Instruct Their Depository Participant To Accept The Equity Shares That May Be Allotted To Them Pursuant To This Public Issue.

ISSUANCE OF A 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 a list of their Bidders who have been allocated 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 215 of this DRHP:

Notice to QIBs: Allotment Reconciliation and Revised CANs

QIBs bidding in the QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them after the final Basis of Allotment, as approved by the Designated Stock Exchange and reflected in the reconciled physical book prepared by the Registrar to the Issue. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to QIBs bidding in the Net QIB Portion: Allotment Reconciliation and Revised CANs

After the Bid Closing Date, an electronic book will be prepared by the Registrar to the Issue on the basis of Bids uploaded on the BSE or NSE system. This shall be followed by a physical book prepared by the Registrar to the Issue on the basis of the Bid-Cum-Application Forms received. Based on the electronic book, QIBs bidding in the Net QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject, *inter alia*, to approval of the final 'Basis of Allocation' by the Designated Stock Exchange. Subject to SEBI (ICDR) Regulations, certain Bids/applications may be rejected due to technical reasons, non-receipt/availability of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation of the book prepared by the Registrar to the Issue and the "Basis of Allocation" as approved by the Designated Stock Exchange. As a result, one or more revised CAN(s) may be sent to QIBs bidding in the Net QIB Portion and the allocation of Equity Shares in such revised CAN(s) may be different from that specified in the earlier CAN(s). QIBs bidding in the Net QIB Portion should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN(s), for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract, subject only to the issue of revised CAN(s), for such QIBs to pay the entire Issue Price for all the Equity Shares allocated to such QIBs. The revised CAN(s), if issued, will supersede in entirety, the earlier CAN(s).

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. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidder‟s depository account is completed within two Working Days from the date of Allotment.

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 credited to their depository account pursuant to this Issue.

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. Ensure that the details about Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialised form only;

5. 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.

6. Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSBs where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for Bidding has a bank account;

7. With respect to ASBA Bids ensure that the ASBA 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 ASBA Bid cum Application Form;

8. Ensure that you request for and receive a TRS for all your Bid options;

9. Ensure that full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to Bid Amount are blocked in case of Bids submitted through SCSBs or Sydicate ASBA;

10. Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSBs before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSBs OR Sydicate ASBA;

11. Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

12. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

13. Except for Bids submitted on behalf of the Central Government or the State Government, officials appointed by a court and residents of Sikkim, for whom submission of PAN is not mandatory, all Bidders should mention their PAN allotted under the Income Tax Act;

14. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

15. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

16. Ensure that DP ID, the client identification number and PAN mentioned in the Bid-cum-Application Form/ASBA 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, 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/ASBA Bid-cum- Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected.

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. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the SCSBs/Sydicate ASBA, as applicable;

4. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

5. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs/Sydicate ASBA, as applicable;

6. Do not Bid via any mode other than ASBA (for QIBs and Non-Institutional Bidders);

7. 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;

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms/ ASBA Bid cum Application Forms, or on Bid cum application Forms in a colour prescribed for another category of Bidder;

9. Do not Bid at Cut Off Price (for QIB Bidders or Non-Institutional Bidders);

10. Do not Bid at Bid Amount exceeding ₹ 200,000, in the case of a Bid by Retail Individual Bidder;

11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

12. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and

13. Do not submit more than five ASBA Bid-cum-Application Forms per bank account;

14. Do not submit the Bids without the full Bid Amount.

Instructions for Completing the Bid cum Application Form

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 and the 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.

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 single name or in joint names (not more than three, and in the same order as their Depository Participant details).

7. 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.

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 category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Bank Account details would be used for giving refunds allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders 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 despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLMs or 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. Please note that failure to do so could result in delays in dispatch/credit of refunds to Bidders or unblocking of ASBA Account at the Bidder's sole risk and neither the BRLMs nor our Company shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details on the Bid-cum- Application Form

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/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.

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 no corresponding record is available with the Depositories, which matches the two parameters, namely, PAN of the Bidder and DP ID/ Client ID, then such Bids are liable to be rejected.

Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable ([●] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depositary Participant Details).

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

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 and hence use as ASBA is mandatory.

Bids by FIIs in multiples of [●] Equity Shares so that the Bid Amount exceeds Bid Amount of up to ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter.The use of ASBA is mandatory.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the 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 thereof.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

Our Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

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 Draft 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 allocation 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 Draft 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.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSBs shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSBs 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 ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue 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.

Terms of Payment and Payments in Escrow Accounts for Bidders other than ASBA Bidders

Retail 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. Retail Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

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. 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 Bidders: "SSKL – Escrow Account"
   - In case of Non Resident Bidders: "SSKL – Escrow Account - NR"

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

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 or FVCIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of our Company.

8. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.

9. 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

10. 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.

11. 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/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

12. 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.

Submission of Bid-Cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to the ASBA Bidders, the ASBA Bid-cum-Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs/Syndicate ASBA.

Separate receipts shall not be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Mode of Payment for ASBA Bidders

ASBA Bidders shall specify the bank account number in the ASBA Bid-cum-Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the ASBA Bid-cum-Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal or rejection of the Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of the Bid or in respect of unsuccessful ASBA Bid-cum- Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The entire Bid Amount, as specified in the ASBA Bid-cum-Application Form submitted by an ASBA Bidder, will be required to be blocked in the relevant ASBA Account until the approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against allocated Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue or until rejection of the ASBA Bid, as the case may be. Upon completing and submitting the ASBA Bid-cum-Application Form, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the ASBA Account maintained with the SCSB.

An ASBA Bid-cum-Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA 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 ICDR Regulations, 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.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund 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.

Our Company, in consultation with the BRLMs, reserves the right to reject, in its absolute discretion, all or all except one of such multiple Bids in any or all categories. 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.

ASBA Bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. Two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.
In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance, post Allotment and released on confirmation of KYC norms by the depositories.

Our Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

SEBI had issued a circular directing that with effect from July 2, 2007, PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction. Pursuant to Item XII(B)(17)(c) of Schedule VIII of the ICDR Regulations, it has been stipulated that all applicants are required to disclose their PAN allotted under the I.T. Act in the Bid-cum-Application Form/ASBA Bid-cum-Application Form, irrespective of the amount of the Bid. Applications in which PAN so allotted is not mentioned would be rejected.

Except for Bids on behalf of the Central or State Government 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.

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. Consequent refunds shall be made by RTGS/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. Subsequent to the acceptance of the ASBA Bid by the SCSBs, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders should note that incomplete Bid cum Application Forms and Bid cum Application Forms that are not legible will be rejected by the members of the Syndicate of the SCSBs. Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. 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 ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
2. 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;
3. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
4. PAN not mentioned in the Bid cum Application Form;
5. GIR number furnished instead of PAN;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at Cut Off Price by Non-Institutional and QIB Bidders;
10. Bids for number of Equity Shares which are not in multiples of [●];
11. Category not ticked;
12. Multiple Bids as defined in this Draft Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stockinvest/ money order/ postal order/ cash;
15. Signature of sole and/ or joint Bidders missing;
16. Bid cum Application Forms does not have the stamp of the BRLMs, or Syndicate Members;

17. Bid cum Application Forms does not have Bidder's depository account details;

18. 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;

19. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;

20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

21. Bids where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);

22. Bids by QIBs not submitted through the BRLMs or in case of ASBA Bids for QIBs not intimated to the BRLMs;

23. Bids by OCBs;

24. Bids not duly signed by the sole/ joint Bidders;

25. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;

26. Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;

27. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

28. Bids by persons who are not eligible to acquire Equity Shares of our Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;

29. 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;

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 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.

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 July21, 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 Beneficiary Account Number and Depository Participant's identification number) 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. In case of joint holders, the names should necessarily be in the same sequence as they appear 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‟ Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate 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.

ASBA Bidders may address all grievances relating to the ASBA process to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name and address of the applicant, the number of Equity Shares applied for, the Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB/ Syndicate ASBA where the ASBA Bid-cum-Application Form was submitted by the ASBA Bidder.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLMs, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs/Syndicate ASBA including any defaults in complying with its obligations under applicable ICDR Regulations.

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 accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf.

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Escrow Collection Banks 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.

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 ASBA 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 two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 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.

We 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 twelve working days of Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, we further undertake 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; and

- 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."

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 less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the 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.

- If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the 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.

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 less allotment to QIBs and Retail Portion 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 Issue less allocation to Non-Institutional Portion and Retail Portion shall be available for allotment to QIB Bidders 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 QIB Bidders 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.

Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.

PROCEDURE AND TIME SCHEDULE FOR TRANSFER OF EQUITY SHARES

The Issue will be conducted through a "Voluntary Book Building Process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [•] 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) Regulations, 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.

METHOD OF PROPORTIONATE BASIS OF ALLOTMENT IN THE ISSUE

In the event of the Issue being over-subscribed, we 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.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

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.

LETTERS OF ALLOTMENT OR REFUND ORDERS OR INSTRUCTIONS TO THE SCSBS IN ASBA PROCESS

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 and RTGS. 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 ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

INTEREST IN CASE OF DELAY IN DESPATCH OF ALLOTMENT LETTERS OR REFUND ORDERS/ INSTRUCTION TO THE SCSBS BY THE REGISTRAR

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.

UNDERTAKINGS BY OUR COMPANY

We undertake the following:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily. Our Company has authorized the Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in the Issue;

- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;

- that 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 us;

- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 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 ASBA applications 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 Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Our Company shall not have recourse to the Issue proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Any further issue of Equity Shares shall be in compliance with applicable laws.

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 reserves the right not to proceed with the Issue at anytime, including after the Bid/Issue Closing Date but before the Board meeting for Allotment, and if so, the reason thereof shall be given as a public notice, in two national newspapers (one each in English and Hindi) and in one Regional newspaper. The Stock Exchanges shall also be informed promptly. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

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

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations and the FDI Policy issued by the Department of Industrial Policy & Promotion, Government of India (Circular 1 of 2010, with effect from April 1, 2010). Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. FEMA regulates the precise manner in which such investment may be made. 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. Under the sector specific guidelines of the GoI, 100% FDI is allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States only to persons reasonably believed to be "qualified institutional buyers", as defined in Rule 144A of the Securities Act (as defined in Rule 144A under the Securities Act and referred to in this Draft 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 Draft Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

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

The above information is given for the benefit of the 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 Draft 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

Title of Article	Article Number and contents
	(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 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

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	Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
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. (ii) 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. (iii) 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.

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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 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 purpose (ii) In 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	21.

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Members	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. **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.

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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 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

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	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.
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

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	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 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.

Title of Article	Article Number and contents
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 proceeds of sale	46. (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

Title of Article	Article Number and contents
	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, 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

Title of Article	Article Number and contents
	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 or transmissions	75. 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

Title of Article	Article Number and contents
	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 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

Title of Article	Article Number and contents
	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 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

Title of Article	Article Number and contents
	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 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

Title of Article	Article Number and contents
	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: (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

Title of Article	Article Number and contents
	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 Company PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of

Title of Article	Article Number and contents
	the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company. (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

Title of Article	Article Number and contents
	such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.
Resolution passed at adjourned Meeting	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

Title of Article	Article Number and contents
	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 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

Title of Article	Article Number and contents
	present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.
Votes of Members of unsound mind	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. (b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.
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

Title of Article	Article Number and contents
	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 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

Title of Article	Article Number and contents
	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. <u>The first Directors of the Company are:</u> (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

Title of Article	Article Number and contents
	any persons so appointed and to appoint any person or persons in his/ their places. b) 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. c) 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 d) 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. e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation.. f) 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

Title of Article	Article Number and contents
	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.
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	147.

Title of Article	Article Number and contents
necessary for certain contracts	(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 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	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

Title of Article	Article Number and contents
disclosure	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; (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

Title of Article	Article Number and contents
	(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.
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

Title of Article	Article Number and contents
	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:- (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

Title of Article	Article Number and contents
	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. (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	163. (a) No motion, at any General Meeting of the Company shall be made for the

Title of Article	Article Number and contents
voted individually	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:- (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	166.

Title of Article	Article Number and contents
Managing Director	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.
	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

Title of Article	Article Number and contents
	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 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	178.

Title of Article	Article Number and contents
meeting how decided	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 notwithstanding defect in appointment	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 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 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;

Title of Article	**Article Number and contents**
	(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. (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act. (3) Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit. (6) To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.

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	(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees. (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon. (9) To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies. (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company. (11) Subject to the provisions of Sections 291, 292, 295, 370,372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name. (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon. (13) To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose. (14) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company. (15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise. (16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to

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	depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company 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. (17) To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause. (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. (19) 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

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	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. (20) 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 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. (21) 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. (22) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants. (23) 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.

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	(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 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 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	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

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may declare dividend	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 advance as interest not to earn dividend	197. 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

Title of Article	Article Number and contents
	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.
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

Title of Article	Article Number and contents
	(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 (b) 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 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 of balance sheet and Auditors' report and statement under Section 219	215. (1) The Company shall comply with the requirements of Section 219 of the Act. (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; (b) he has given to the Company notice in writing of his unwillingness to be re-appointed; (c) 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 discovered within 3 months	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 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 (b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act. (c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act. (d) Foreign register, if so thought fit, as required by Section 157 of the Act (e) Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act. (f) Register of Directors and Secretaries etc. as required by Section 303 of the Act. (g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.

	(h) Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act. (i) Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act. (j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.
Inspection of Registers	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 Draft 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 Draft 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 Draft 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. Memorandum of Understanding 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 21, 2009 between CDSL, our Company and the Registrar to the Issue
6. Escrow Agreement dated [●] between our Company, the BRLMs, the Escrow Banks, The Syndicate Member(s) and the Registrar to the Issue
7. Syndicate Agreement dated [●] between our Company, the BRLMs and the Syndicate Members
8. 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. Copies of annual reports of our Company for the financial years ending on March 31, 2006, 2007, 2008, 2009 and 2010 and nine months period ending on December 31, 2010.
5. Report of GV & Co., Chartered Accountants (Peer Review Auditor) dated May 16, 2011 for Restated Financials of our company as mentioned in the DRHP.
6. Copy of certificate dated May 16, 2011 issued by B. Vithlani & Co., Statutory Auditors of our Company regarding tax benefits accruing to our Company and its shareholders.
7. Copies of the Undertaking from Sai Silks (Kalamandir) Limited.
8. 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.
9. Legal Due Dilignce report dated May 23, 2011 from Alliance Corporate Lawyers, the Legal Advisors to the issue.
10. Copy of certificate dated May 16, 2011 received from B. Vithlani & Co., Statutory Auditors of our Company regarding sources and deployment of funds.
11. Media Plan estimates dated May 5, 2011of Sumaja Creations.
12. Copy of resolution passed at the meeting of Board of Directors held on May 27, 2011 for approving this DRHP.
13. Copies of In-principle approval received from BSE vide their letter no. [●] Dated [●] and NSE vide their letter no. [●] Dated [●].
14. Due diligence certificate dated May 26, 2011 to SEBI from Ashika Capital Limited & Vivro Financial Services Private Limited.
15. Copy of inter-se allocation of resposiblities between Ashika Capital Limited & Vivro Financial Services Private Limited (Book Running Lead Managers to the Issue).
16. IPO Grading Report dated [●] from [●];

Any of the contracts or documents mentioned in this Draft 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 Draft 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 Draft 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. Lodugu Balaram Reddy
Independent 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: May 27, 2011