



Draft Red Herring Prospectus
September 26, 2009
Please read Section 60B of the Companies Act, 1956
100% Book Built Issue

CANTABIL RETAIL INDIA LIMITED

(Our Company was originally incorporated as Kapish Sales Private Limited on February 09, 1989 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana. The name of the Company was subsequently changed to Kapish Products Private Limited pursuant to a fresh Certificate of Incorporation dated May 15, 1995. The name of our Company was subsequently changed to Cantabil Retail India Private Limited pursuant to a fresh Certificate of Incorporation dated March 05, 2009. Subsequently our Company was converted into public limited company and received fresh Certificate of Incorporation dated August 26, 2009 in the name of Cantabil Retail India Limited. The Corporate Identification Number of our Company is U74899DL1989PLC034995. For details of changes in Registered Office of our Company, please see the Section "History and Certain Corporate Matters" on page [●] of this Draft Red Herring Prospectus)

Registered Office: B - 47, 1st Floor, Lawrence Road Industrial Area, New Delhi - 110 035, Tel.: +91 11 2715 6381-82, Telefax: +91 11 2715 6383

Promoters: Mr. Vijay Bansal and Mr. Deepak Bansal

Compliance Officer: Ms. Rekha Grover, Company Secretary & Head - Legal

Website : www.cantabilinternational.com, **Email :** investors@cantabilinternational.com

PUBLIC ISSUE OF [●] EQUITY SHARES OF RS. 10 EACH OF CANTABIL RETAIL INDIA LIMITED ("CANTABIL" OR "THE COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE ("ISSUE PRICE") INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING TO RS. 1,050 MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE [●] % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10 EACH

THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

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

The Issue is being made through a 100% Book Building Process wherein atleast 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of QIB Portion shall be available for allocation on a proportionate basis to mutual funds only, and the remaining QIB portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including mutual funds, subject to valid bids being received at or above issue price. If atleast 50% of the Issue cannot be allocated to QIBs, then the entire subscription money will be refunded forthwith. Further upto 15% of the Issue shall be available for allocation on proportionate basis to Non-Institutional Bidders and upto 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received from them at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Issuer, there has been no formal market for the Equity Shares of the Issuer. The face value of the Equity Shares is Rs. 10 per Equity Share and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times of face value at the higher end of Price Band. The Issue Price (has been determined and justified by the Book Running Lead Manager and the Issuer as stated under the paragraph on "Basis for Issue Price given on Page [●] of this Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Issuer or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this 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 Offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the Offer including the risks involved. The Equity Shares offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the section titled "Risk Factors" given on Page [●] of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY



Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Offer Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Offer Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omissions of which makes this offer document 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 offered through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). In-principle approvals for the listing of the equity shares of our Company from BSE and NSE has been received vide their letters dated [●] and [●] respectively. For the purpose of this Issue, BSE shall be the Designated Stock Exchange.

IPO GRADING

This Issue has been graded by [●] and has been assigned [●] indicating [●]. The IPO Grading is assigned on a 5 point scale from 1 to 5 with a Grade 5/5 indicating strong fundamentals and 1/5 indicating poor fundamentals. For further details please see the chapter titled "General Information" on Page [●] of Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER		REGISTRAR TO THE ISSUE	
	SPA Merchant Bankers Limited SEBI Regn.: INM 000010825 25, C - Block, Community Centre Janak Puri, New Delhi - 110 058 Tel. +91 11 2551 7371, 4567 5500 Fax +91 11 2553 2644 Email: cantabil@spagroupindia.com Website: www.spacapital.com Contact Person: Mr. Nitin Somani / Ms. Ashi Mehra		Beetal Financial & Computer Services (P) Limited SEBI Regn. No: INR 000000262 Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, New Delhi - 110 062 Tel.: +91 11 2996 1281 Fax: +91 11 2996 1284 E- mail: beetal@beetalfinancial.com Contact Person: Mr. Punit Mittal

BID / ISSUE PROGRAMME

BID / ISSUE OPENS ON	[●]	BID / ISSUE CLOSES ON	[●]
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DEFINITIONS AND ABBREVIATIONS

Company Related Terms

Term	Description
“Cantabil”, “the Company”, “our Company” or “Issuer”	Unless the context otherwise requires, refers to, Cantabil Retail India Limited, a public limited company incorporated under the Companies Act, 1956
“Group”	Unless the context otherwise required, collectively refers to Cantabil Retail India Limited and entities forming part of the Promoter Group
“we”, “us” and “our”	Unless the context otherwise requires, refers to Cantabil Retail India Limited
Articles / Articles of Association / AOA	The Articles of Association of our Company, as amended from time to time
Statutory Auditors / Auditors	The Statutory Auditors of our Company, Suresh & Associates, 3A, Bigjo’s Tower, Netaji Subhash Place, Pitampura, Delhi - 110 034
Board of Directors / the Board / our Board	The Board of Directors of Cantabil Retail India Limited and includes its committee thereof
Directors / our Directors	The Director(s) of Cantabil Retail India Limited, unless otherwise specified
Memorandum / Memorandum of Association / MOA	The Memorandum of Association of our Company, as amended from time to time
Registered Office / Our Registered Office	Registered Office of our Company situated at B - 47, 1st Floor, Lawrence Road Industrial Area, New Delhi - 110 035

Issue Related Terms

Term	Description
Allotment / Allocation	Unless the context otherwise requires, the issue and allotment of Equity Shares, pursuant to the Issue
Allottee	The successful Bidder to whom the Equity Shares are/ have been issued
Application Supported by Block Amount / ASBA	Application Supported by Blocked Amount means an application (whether physical or electronic) subscribing to an Issue containing an authorization to block the Bid Amount in their specified bank account with Self Certified Syndicate Bank
ASBA Bid cum Application Form / ASBA BCAF	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purpose of Red Herring Prospectus and Prospectus
ASBA Bidders / ASBA Investors	Means a Bidder / an Investor who intends to apply through ASBA process and a. is a “Resident Retail Individual Investor”; b. is bidding at cut-off, with single bid option as to the number of shares bid for; c. is applying through blocking of funds in a bank account with the SCSBs; d. has agreed not to revise his / her bid; e. is not bidding under any of the reserved categories
ASBA Public Issue Account	A bank account opened with the Bankers to the Issue by the Company to receive monies transferred by the SCSBs from the bank accounts of the ASBA Bidders.
Bid	An indication to make an offer during the Bidding / Issue Period by a prospective investor to subscribe to or purchase the Company’s Equity Shares at a price within the Price Band, including all revisions and modifications thereto. For the purposes of ASBA Bidders, Bid means an indication to make an offer during the Bidding Period by a Retail Resident Individual Bidder to subscribe to the Equity Shares of our Company at Cut-off Price.
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 used by the Bidder (including the format of such application form used by the ASBA Bidder, whether physical or electronic) in terms of which the Bidder shall make an offer to purchase Equity Shares of the Company in terms of this Red Herring Prospectus.

Term	Description
Bid / Issue Closing Date	The date after which the members of the Syndicate and SCSB will not accept any bids under this Issue, i.e. [●]
Bid / Issue Opening Date	The date on which the members of the Syndicate and SCSB will start accepting bids under this Issue, i.e. [●]
Bidding / Issue Period	The period starting from the Bid / Issue Opening Date and ending on the Bid / Issue Closing Date during which prospective Bidders / ASBA Bidders can submit their Bids.
Bid Revision Form	The form used by the Bidders, excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid cum Application Forms or any previous Bid Revision Form(s)
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid cum Application Form
Book Running Lead Manager / BRLM	SPA Merchant Bankers Limited
Cap Price	The higher end of the Price band, above which no Bids will be accepted
Confirmation of Allocation Note / CAN	The note or advice or intimation of allocation of Equity Shares sent to the Bidders / ASBA Bidder who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revision thereof
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids received under this Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchange(s) and a list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf
Cut-off Price	The Issue Price finalized by the Company in consultation with the BRLM.
Designated Branches	Branch offices of the SCSBs which the respective SCSB has identified as a designated branch at which the Physical ASBA Form can be submitted by an ASBA Investor.
Designated Date	The date on which the Escrow Collection Banks transfers the funds from the Escrow Account to the Public Issue Account, or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the Registrar of Companies, NCT of Delhi & Haryana, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus / DRHP	The Draft Red Herring Prospectus, dated September 26, 2009 issued in accordance with Section 60B of the Companies Act, 1956, and the SEBI Guidelines which does not contain, inter alia, complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
Electronic ASBA Application / Bid	Submission of ASBA Bid cum Application Form electronically, by an ASBA Investor, through the internet banking facility offered by the SCSBs.
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Red Herring Prospectus constitutes an invitation to subscribe to the Issue
Equity Shares	Equity Shares of our Company of face value Rs 10 each, unless otherwise specified in the context thereof
Escrow Account	Account opened with Escrow Collection Bank(s) for the Issue and in whose favor the bidder (excluding the ASBA Bidder) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement dated [●] entered into between our Company, BRLM, Registrar to the Issue, Syndicate Members and Escrow Collection Bank(s) for collection of the Bid Amounts and refunds, if to the Bidder (excluding ASBA Bidder).
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker to the Issue and with whom the Escrow Account have been opened, in this case being [●].
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form.
Floor Price	The lower end of the Price Band, below which no bids will be accepted.

Term	Description
IPO Grading Agency	[●]
Issue	The public issue of [●] Equity Shares aggregating Rs. 1,050 millions.
Issue Price	The price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus.
Margin Amount	The amount paid by the Bidder or blocked in the account of the ASBA Bidders at the time of submission of the Bid, being 10% or 100%, as applicable to the category of investor.
Mutual Fund	A Mutual Fund as registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB portion or [●] Equity Shares available for allocation to Mutual Funds only, out of the QIB portion
Non-Institutional Bidders	All Bidders who are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being upto 15% of Issue i.e. [●] Equity Shares available for allocation to Non-Institutional Bidders
Pay-in Date	Bid / Issue Closing Date with respect to the Bidders whose Margin Amount is 100% of the Bid Amount, or the last date specified in the CAN sent to Bidders with respect to Bidders whose margin is less than 100% of the Bid Amount.
Pay-in-Period	The period commencing in the Bid / Issue Opening Date and extending until the Pay-in Date.
Physical ASBA Application / Bid	ASBA Bid cum Application Forms submitted by an ASBA Investor physically with the designated branches of the SCSBs.
Price Band	Price band of a minimum price (floor price) of Rs. [●] and the maximum price (cap price) of Rs. [●] and includes revisions thereof
Pricing Date	The date on which Company in consultation with the BRLM finalizes the Issue Price
Promoters	Mr. Vijay Bansal and Mr. Deepak Bansal
Prospectus	The Prospectus to be filed with the RoC pursuant to 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, and including any corrigendum thereof.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date.
Qualified Institutional Buyers / QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs 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 Rs. 250 million, pension funds with minimum corpus of Rs. 250 million and National Investment Fund set up by Resolution No. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.
QIB Margin Amount	An amount representing atleast 10 % of the Bid Amount, being the amount the QIBs are required to pay at the time of submitting the Bid
QIB Portion	The portion of the Issue being atleast 50% of the Issue, i.e., [●] Equity Shares, to be allotted to QIBs at the Issue Price on a proportionate basis
Refund Banker(s)	[●]
Refund Account	Account opened with the Refund Banker(s) from which the refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made.
Refund through electronic transfer of funds	Refunds through ECS, Direct Credit or RTGS, or the ASBA process, as applicable
Registrar to the Issue	Beetal Financial & Computer Services (P) Limited

Term	Description
Registrar of Companies / RoC	Registrar of Companies NCT Delhi and Haryana, IFCI Tower, Nehru Place, New Delhi - 110 019
Resident Retail Individual Bidder	Retail Individual Bidder who is a person resident in India as defined under Foreign Exchange Management Act, 1999 and who is eligible to apply in this Issue through the ASBA process.
Retail Individual Bidder(s)	Individual Bidders (including HUFs and eligible NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 100,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being upto 35% of the Issue i.e. [●] Equity Shares available for allocation to Retail Individual Bidder(s).
SPA	SPA Merchant Bankers Limited
Self Certified Syndicate Bank / SCSB	SCSB is a Bank registered under the SEBI (Bankers to an Issue) Regulations 1994, which offers the facility of applying through the ASBA process and is recognized by SEBI. ASBA Bid cum application forms can be accepted only by SCSBs.
Stock Exchanges	The BSE and the NSE.
Syndicate Agreement	Agreement dated [●] entered into between our Company, BRLM and Syndicate Members in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders)
Syndicate Members	[●]
TRS / Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid.
Underwriters	[●]
Underwriting Agreement	Agreement dated [●] entered into between our Company and the Underwriters to be entered on or after the Pricing Date.

Conventional and General Terms / Abbreviations

Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CARO	Companies (Auditors' Report) Order, 2003
CDSL	Central Depository Services (India) Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings per Equity Share
ESOP / ESOS	Employees Stock Option Plan / Employees Stock Option Scheme
ESPP / ESPS	Employees Stock Purchase Plan / Employees Stock Purchase Scheme
ESOP Guidelines	Securities & Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 2000
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed hereunder
Foreign Institutional Investor / FII	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Financial Year / Fiscal Year / FY	Twelve months ending on March 31 of a particular year

Term	Description
FIs	Financial Institutions
FVCI	Foreign venture capital investor, registered with SEBI under the SEBI (foreign venture Capital Investor) Regulations, 2000
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public issue/ offering
NAV	Net Asset Value
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NRE Account	Non Resident External Account
NRI / Non Resident Indian	A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under 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
PAN	Permanent Account Number
RBI	Reserve Bank of India
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	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 issued by SEBI effective from August 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended
SSI Undertaking	Small Scale Industrial Undertaking
Venture Capital Funds / VCF	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time

Industry related terms / Abbreviations

Term	Description
ASSOCHAM	The Associated Chambers of Commerce and Industry of India
CAGR	Compounded Annual Growth Rate
COFM	Company Owned/ Leased, Franchisee Managed
CSO	Central Statistical Organization
DIPP	Department of Industrial Policy & Promotion
DSIDC	Delhi State Industrial Development Corporation
EBOs	Exclusive Brand Outlets
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FOFO	Franchisee Owned, Franchisee Operated
GCCI	Global Consumer Confidence Index
GDP	Gross Domestic Product
GRDI	Global Retail Development Index
HSIIDC	Haryana State Industrial and Infrastructure Development
IBEF	India Brand Equity Foundation
IIGM	India Industrial Garment Machine Private Limited
NNP	Net National Product
NIFT	National Institute of Fashion Technology

NSC	National Store Chain
RCC	Reinforced Cement Concrete
SQL	Structured Query Language

CURRENCY OF FINANCIAL PRESENTATION

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

Throughout this Draft Red Herring Prospectus, all figures have been expressed in millions. Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Unless indicated otherwise, the operational data in this Draft Red Herring Prospectus is presented on a basis and refers to the operations of our Company. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

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

For additional definitions used in this Draft Red Herring Prospectus, see the section Definitions and Abbreviations on page i of this Draft Red Herring Prospectus. In the section titled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

USE OF MARKET DATA

Unless stated otherwise, market data used throughout this Draft Red Herring Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENT

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

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

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

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

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any risk mentioned herein. The numbering of the Risk Factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

INTERNAL RISK FACTORS

Risks relating to Our Company and Business

- 1. *We are party to certain legal proceedings that, if decided against us, could have an adverse effect on our business prospects and results of operations.***

A. Litigations pertaining to our Company

Nature of Litigations	No. of Cases
Criminal Proceedings (2 cases under Factories Act, 1948* filed against us and 1 Negotiable Instruments Act filed by us)	3
Civil Proceedings	2
Labour related cases	61
ESIC Case	1
VAT related cases / Notice	36
Arbitration Case	1
Legal notices issued by our Company	5

* In two cases under Factories Act, 1948 filed by the State against our Company, our Chairman and Managing Director has also been made a party.

For details on the litigation proceedings and notices mentioned above, please refer to section titles “Outstanding Litigations and Material Development” on page [●] of Draft Red Herring Prospectus.

- 2. *We depend on third parties for significant portion of our sales and for management of our retail outlets. If these third parties do not continue to assist us in our retail store management and sales, our revenue could be adversely affected which would have an adverse effect on our business***

We operate our retail outlets under two models, company owned and franchisee managed (COFM) and franchisee owned and franchisee operated (FOFO). As on August 31, 2009 we have 121 outlets under first model i.e. COFM and 260 outlets under second model i.e. FOFO. We depend substantially on third parties that is franchisee for several critical elements of our business including retail outlets management/ operations and sales. We are on the path of growth and intend to increase substantially the number of exclusive retail outlets all over the country under both the models mentioned above. There can be no assurance that we or these franchisees will be able to establish or maintain adequate sales capabilities, that we will be able to enter into arrangements/relationships with franchisees, in the areas we currently operate in or in areas we intend to expand, on financially acceptable terms or that any franchisees with whom we enter into such arrangements will be successful in selling or distributing our products. In the absence of these, our business could be negatively impacted. Additionally, if we are unable to maintain our relationships with our franchisees, then our ability to properly manage our retail outlets and generate revenues through the sale of our products could be negatively impacted.

3. ***Raw materials including Fabric, which constitutes the largest portion of our material costs, is sourced from external suppliers. Fluctuation in the price, availability and quality of fabric could cause delay and increased cost***

We depend on third party suppliers for the timely supply of fabric and other raw materials. Our main raw material fabric constitutes a significant part of our cost and total lead time. Any delay in supply or non conformance to quality requirements by our suppliers or fluctuations in the prices of the same can have a material adverse affect on our cost of goods sold and our ability to meet our customer's requirements. This may have an adverse affect on our margins and results of operations.

4. ***We outsource the manufacturing of major portion of our products and are therefore dependent on third parties***

We depend on third party fabricators for performance of some of the processes in the apparel manufacturing which includes cutting, stitching, washing and finishing. We have at present arrangements with 94 fabricators / third party manufacturers in NCR region. Any delay or failure on the part of these fabricators/ manufacturers to deliver the products in a timely manner or to meet our quality standards or unilateral termination of relationship by them may cause a material adverse affect on our business.

5. ***Our success depends upon our ability to manage the growth of our business. Inability to manage our growth can adversely affect our business and financial performance.***

We have experienced high growth in recent years and a majority of our exclusive brand outlets have opened in the last two years. We expect our business to continue to grow as we gain greater access to financial resources. In financial year 2008-09 our standalone income from operations was Rs. 1,383.24 millions as compared to standalone income from operations of Rs. 227.25 millions in the financial year 2005-06. The CAGR of our standalone income from operations over the last three fiscal years stood at 82.59%

We may not be able to sustain our growth or maintain a similar rate of growth in the future due to a variety of reasons including increased competition, inability to maintain high levels of product quality and customer satisfaction, inability to evolve new designs, inability to have long term relationship with our franchisees, non-availability of professionals with necessary skill sets, lack of management resources or due to a general slowdown in the economy. Any inability to manage our growth may have an adverse affect on our business and results of operations.

6. ***Our business and financial performance could be adversely affected if we are unable to maintain or improve our brand image***

We are retailing the apparels under the two brands namely "Cantabil" and "La FANSO" through a network of 381 exclusive retail outlets. Our brand "Cantabil" has significantly contributed to the success of our business. We believe that our success depends on our ability to price the apparels reasonably and anticipate, identify and respond to changing fashion trends in a timely manner. If we are unable to respond in a timely and appropriate manner to changing consumer demand and fail to price our apparels reasonably, our brand name and brand image may be impaired and may result in a significant decrease in net sales or leave us with a substantial amount of unsold inventory. Our product must appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to rapid change. We may not be able to continue to develop appealing styles or successfully meet constantly changing consumer demands in the future. We cannot assure that our brands will be effective in attracting and growing our customer base.

7. ***Our inability to identify evolving fashion trends and create new designs may adversely affect our business***

We are in the business of designing, manufacturing and retailing apparels. Any failure on our part to keep updated with the latest trends in the fashion industry may adversely affect our competitiveness and ability to deliver newer products to the target segment.

8. ***We face competition from a number of other apparel manufacturers and retailers and any inability to compete with them could adversely impact our business and financial operations***

We face competition from other apparel brands present in the market and also new brands that may enter in the market in the future. Further the apparel manufacturing and retail industry is highly competitive and fragmented. The presence of Indian and International branded apparels in the marketplace has created tremendous competition in the apparel industry and the dynamics of industry are also changing, consequent to such structural changes. Important factors in our industry affecting competition include brand name, reliability, product quality, price and our ability to anticipate consumer demands and maintain appeal of products to customers. For details of other major players in branded apparel segment in India, please refer to section titled “Industry Overview” on page [●] of this Draft Red Herring Prospectus. If we are unable to compete successfully, we would lose our customers, which would negatively impact our sales and financial performance.

9. *Majority of our retail outlets present and proposed are not on ownership basis but taken on contractual agreement basis. The non renewal of lease or any deficiency in the title/ ownership rights/ development rights of the owners may impede the operation of our outlets.*

A majority of our retail outlets are not owned by us. We take property on lease which may not be renewed. The non renewal of lease or any deficiency in the title/ ownership rights/ of such third parties may lead to legal implications which can result in us having to vacate the premises or increase our cost of operations thus affecting our profits.

10. *Our business is dependent on our manufacturing facilities which are located geographically in one area. The loss of or shutdown of operations at any of our manufacturing facilities may have an adverse effect on our business and results of operations*

We are based in Delhi with all our in-house manufacturing facilities. As a result, if there is any localized social unrest, natural disaster or breakdown of services and utilities in Delhi, it may affect our business adversely.

Further our manufacturing activities are subject to operating risks, such as breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents etc. The occurrence of any of these risks could significantly affect our operating results.

11. *Our registered office premises and manufacturing locations are not owned by us*

We do not own the premises on which we have our registered office and other manufacturing units. We operate from leased premises. The lease agreements for facilities are renewable on mutual consent upon payment of such rates as stated in these agreements. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to us, we may suffer a disruption in our operations which could have an adverse effect on our business, financial conditions and results of operations.

12. *Our business is seasonal in nature as a substantial part of our sales are realized during second half of the financial year. Any substantial decrease in our sales during this period can have a material adverse effect on our financial performance*

In recent past, approximately 65% of sales were realized in the second half of the financial year. This trend is largely due to increased sales in the second half on account of festivals and winter sales. Any substantial decrease in sales in the second half of the year could have a material adverse effect on our financial condition and results of operations.

13. *Our growth strategy to expand into new geographic areas exposes us to certain risks*

We intend to expand our presence both geographically and in terms of number of exclusive brand outlets. Fast developing smaller towns are currently under served and give a scope for our brands. We intend to focus to have atleast 20% of our upcoming outlets in tier II cities and towns. Further, we plan to expand in southern and eastern India. Pursuance of such a growth strategy may expose us to risks which may arise due to lack of familiarity with the development, ownership and management of retail business in these regions and towns and the customer preferences in such areas. We may also face challenge in view of our lack of understanding/ economic conditions and culture of these areas. If we

are not able to manage the risk of such expansion it could have a material adverse affect on our operations.

14. *We will have to find locations to open and operate exclusive brand outlets.*

We sell apparels and accessories through exclusive brand outlets. Success of any retail business is highly dependent on optimizing retail locations at a competitive cost. Our Company has to compete with other branded apparel retailers to book locations for our exclusive brand outlets on a continuous basis. We cannot assure you 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 book/ find locations that we believe will be necessary for implementing our expansion plans. If we are not able to book/find the locations at the time and place that we desire, the same may have a material adverse impact on our results of operation.

We have a team headed by our director Mr. Deepak Bansal, which are dedicated towards finding locations and franchises who may be interested in opening exclusive brand outlets for our brands “Cantabil” or “La FANSO”.

15. *Our success depends upon our ability to retain the Key Management and other personnel*

Our success depends on the expertise, experience and continued efforts of our directors, including our promoters, and our key managerial personnel. Our future performance may be affected by any disruptions in the continued service of these persons. Any cause leading to loss of service of any of them could seriously impact our ability to continue to manage and expand our business, thus adversely affecting our operations and financial condition.

There is a dearth of talent, including key managerial personnel, with related business experience. In the event we are not be able to attract a high degree of talented employees, or experience higher attrition levels which are largely out of our control or are unable to motivate and retain our existing employees, the future of our business and operations may be affected.

16. *We have applied for registration of certain Intellectual Property Rights in the name of our Company. If our application for such registration are not approved our brand building exercise could be affected.*

Our intellectual properties consist of trademarks and copyrights. Most of our trademarks including Cantabil and La FANSO are registered in the name of Kapish Products Private Limited since these registrations were procured before the merger and change in name of our Company. However, we have applied for amending the registration to reflect our company as a proprietor of these trade marks. Further our applications for registration of trademarks including logo of La FANSO and Pyramid are pending with the registrar of trademarks. We cannot give guarantee that any of our pending applications will be approved by the appropriate authorities. If our application for such registration are not approved our brand building exercise could be affected. For details of our trademarks and copyrights registration please refer to section titled “Government and Other Approvals” on page [●] of this DRHP.

17. *Our insurance coverage may not adequately protect us against certain operating hazards and this may have an adverse affect on our business operations*

Our insurance coverage is likely to cover all normal risks associated with the operation of our business but there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

18. *We are solely dependant on third parties for the supply and transportation of our apparel from our warehouses to our exclusive brand outlets, which are subject to various uncertainties and risks*

We depend on road transportation to deliver our apparel from our warehouses to our exclusive brand 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 our apparel to our customers. Any disruptions could materially and adversely affect our business, financial condition and results of operations.

19. *We face the risk of potential liabilities from lawsuits or claims by customers*

We face the risk of legal proceedings and claims being brought against us by our customers for any defective product sold or any deficiency in our services to them. We could face liabilities should our customers face any loss or damage due to unforeseen incident such as fire, accident, etc. in our exclusive brand outlets, which could cause financial and other damage to our customers.

20. *We are yet to receive or renew certain approvals or licenses required in the ordinary course of business, and the failure to obtain them in a timely manner or at all may adversely affect our operations.*

We require certain statutory and regulatory permits, licenses and approvals to operate our business. We have made renewal applications for the same, but are yet to receive, certain approvals that have expired, or that are required for our business. For details of the same, see section titled “Government and Other Approvals”, on page [●] of this DRHP. If we fail to obtain the necessary approvals required by us to undertake our business, the same may adversely affect the growth of our business. Further, in the event there is any delay in getting the necessary approvals, the costs associated with developing our business may increase which could affect our financial performance.

21. *We may be subject to restrictive covenants under term loans and working capital facilities provided to us by our lender(s).*

We have availed of several loans and financial facilities from various banks Axis Bank Limited and Standard Chartered Bank. In respect of various agreements entered into by our Company with our Lenders and sanction letters issued by our Lenders to us, we are bound by certain restrictive covenants regarding capital structure and other restrictive covenants. For details of the loans availed, please refer to section titled “Financial Indebtness” on page [●] of this Draft Red Herring Prospectus. In compliance with such restrictive covenants, we have obtained the consent from Axis Bank Limited and Standard Chartered Bank for the proposed issue.

Risks relating to our Object of the Issue

22. *We have not undertaken an independent appraisal for proposed fund requirement and the deployment of the proceeds of the issue.*

The funds being raised through the Issue are proposed to be used for setting up of new integrated manufacturing facility, expansion of exclusive brand outlets, working capital requirements and repayment of debt. The fund requirement is based on our management estimates’ and has not been appraised by any bank/financial institution. These are based on current conditions. In view of the highly competitive nature of our industry 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 relocation of some of our exclusive brand outlets and an increase in our proposed expenditure for particular project and our results of operations may be adversely impacted.

23. *We have not placed order for civil construction and plant and machinery with regard to our project to set up a new manufacturing facility at Bahadurgarh, Haryana. In addition we have not entered with any definitive agreements/ letter of intents for proposed exclusive brand outlets which we plan to set up. Any difficulties in entering into definitive and binding agreements in relation to deployment of proceeds of the issue may have a material adverse impact on our operations.*

The net proceeds of the issue are proposed to be utilised for setting up of new integrated manufacturing facility including purchase of land, plant and machinery, setting up of exclusive brand outlets, working capital requirements, general corporate purposes and repayment of debt as detailed in the section titled “Object of the Issue” on page [●] of this DRHP. As on date though we have been allotted land by HSIIDC, we have yet to take possession of the land and place order for civil construction and for plant and machinery. Any difficulties in obtaining possession of land and timely

construction of factories and supply of machinery and equipment may adversely affect the implementation of the project.

We have not entered into agreement/ letter of intent for the proposed expansion of our exclusive brand outlets which we propose to fund from the proceeds of the issue. Non availability or delay in selection of retail space at the desired location may adversely affect our estimate of project cost. Further we have not identified the general corporate purposes for which we intend to utilize a portion of the net proceeds of the issue.

Risks relating to Our Shareholders and Equity Shares

24. Our Company has had negative cash flows in recent fiscal years, as indicated in the table below:

(in Rs. millions)

Particulars	Year Ended Mar 31, 2009	Year Ended Mar 31, 2008	Year Ended Mar 31, 2007
Net cash generated from / (used in) operating activities	(38.42)	(195.31)	(31.20)
Net cash generated from / (used in) investing activities	(81.65)	(107.72)	(7.27)

Our operating cash flows have been negative in the financial years ended March 31, 2007, 2008 and 2009 mainly because of increase in our operations which have resulted in substantial increase in working capital required by us. We expect our operating expenses to continue to increase as we continue to grow. If we do not achieve positive cash flow, we cannot assure you that we will be able to sustain our growth or achieve profitability in future periods.

25. We have not provided for certain contingent liabilities as on March 31, 2009, which if materialise could adversely affect our financial position.

As on March 31, 2009, we have not provided for the following contingent liabilities:

(Rs. In millions)

Particulars	March 31, 2009
Guarantee given to Banks for borrowings by others	17.70
Case filed by employees	0.13
Demand raised by VAT authorities for FY 2005-06, 2006-07 and 2007-08	10.01
Demand raised by ESIC but contested by Company	0.44
Total →	28.27

26. Certain of our promoter group entities and ventures of our Promoters have incurred losses during recent fiscal years.

Some of our Promoter Group entities have incurred losses in recent fiscal years, details of which are given below:

(Rs. In millions)

Name of the Company	March 31, 2009	March 31, 2008	March 31, 2007
Romano Fashions Private Limited	(0.02)	-	-
KPS Products Private Limited	(0.05)	-	-

27. We have entered into a number of related party transactions, which may involve conflict of interest

We have entered into a number of related party transactions. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For further details, see the section titled “Financial Statements” beginning on page [●] of this Draft Red Herring Prospectus.

28. Our Promoters may have the ability to determine the outcome of any shareholder resolution.

Our Promoter Group will continue to be the largest shareholders, holding [●]% of post-issue equity capital of the company. As significant shareholders, Our Promoters may have interests which may affect the interests of shareholders and/or our interests and may have the ability to determine the outcome of any shareholder resolution.

29. Any future equity offerings or issue of options under future employee stock option scheme may lead to dilution of investor's shareholding in our company.

Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent we make future equity offerings and to the extent we decide to grant options to be issued under an employee stock option scheme. We do not have any ESOP scheme currently.

30. 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.

31. We have issued Equity Shares in last twelve months and the price of such issuances is lower than the Issue Price

We have issued certain Equity Shares to our Promoters, in the last twelve months, at a price lower than the Issue Price. Details of such issuances are in the table set out in the section titled "Capital Structure" beginning on page [●] of this DRHP.

EXTERNAL RISK FACTORS

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

We are subject to various regulations and policies. For details see section titled "Regulations and Policies" beginning on page [●] of this DRHP. 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.

2. 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.

3. Regional or International hostilities, terrorist attack or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government Policy. Such incidents could also create a greater perception that investment in Indian Companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our company's equity shares.

4. An economic downturn may negatively impact our company's operating results.

Our revenues are dependent on retailing of apparels to our customers. Any economic slowdown may affect the spending power of our customers restricting their expenditures. In an economic slowdown our customers may reduce or postpone their purchases, thereby negatively impacting our revenue and profitability.

5. We depend on banks and financial institutions and other sources for meeting our short and medium term financial requirements.

Any delay in the disbursement of funds from these bodies can be a bottleneck to our project execution capabilities and thereby our results of operations.

6. *Investors will not receive the Equity shares purchased in this issue until several days after they have paid for them, which will subject them to market risk.*

The Equity Shares purchased in this issue will not be credited to investor's demat account with depository participants until approximately 15 working days from the Bid/Issue closing date. Investors can start trading only after receipt of listing and trading approvals in respect of these Equity Shares which will require additional time after the credit of Equity shares into Investors demat account. Further, there can be no assurance that the equity Shares allocated will be credited to investor's demat account, or that the trading in the equity shares will commence, within the time periods specified above.

7. *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 and NSE for the Equity Shares to be admitted to trading on the BSE and 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.

8. *The market value of the Equity Shares may fluctuate due to the volatility of the securities markets.*

The securities markets are volatile and stock exchanges have in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges have experienced problems, which, if these were to continue or recur, could affect the market price and liquidity of the securities of Indian Companies, including the Equity Shares. The governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on the market sentiment.

9. *Shareholders will bear the risk of fluctuation in the price of Equity Shares.*

The market price of the Equity shares may be affected by fluctuations in the stock markets and it is impossible to predict whether the price of the Equity Shares will rise or fall. Trading prices of the Equity Shares will be influenced by, among other things, our financial position, the results of operations and political, economic, financial and other factors.

10. *Future issues or sales of equity Shares of our company may significantly affect the trading price of the Equity Shares.*

Future issue of Equity Shares / convertible instruments by our company or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur may significantly affect trading price of the Equity Shares. Other than the lock-in of Pre-issue capital as prescribed under SEBI ICDR Regulations, none of the shareholders are subject to any lock-up arrangements restricting their ability to issue Equity Shares or the Shareholder's ability to dispose of their Equity Shares, and there can be no assurance that any shareholder will not dispose of, encumber, or pledge, his shares.

NOTES TO RISK FACTORS:

- Public issue of [●] equity shares of Rs. 10 each of Cantabil Retail India Limited for cash at a price of Rs. [●] per equity share ("Issue Price") including share premium of Rs. [●] per equity share aggregating to Rs. 1,050 million (the "Issue"). The Issue will constitute [●] % of the fully diluted post issue paid-up capital of our Company.
- Under subscription, if any, in any category other than QIB Portion, would be met with spill-over from other category. Such inter-se spill over, if any, would be affected in accordance with applicable laws,

regulations and guidelines. If atleast 50% of the Net Issue cannot be allocated to QIBs, then the entire subscription money will be refunded forthwith. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis.

3. The Average Cost of Acquisition of our Equity Shares by our Promoters, Mr. Vijay Bansal and Mr. Deepak Bansal is Rs. 1.62 and Rs. 3.22 per Equity Share, respectively. For more information, see the section titled “Capital Structure” on page [●] of this Draft Red Herring Prospectus. The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amounts paid by them to acquire the Equity Shares currently held by them.
4. The Net Worth of our Company is Rs. 148.00 million, as at March 31, 2009, as per the restated financial statements of our Company under Indian GAAP in the section titled “Financial Statements” on [●] of this Draft Red Herring Prospectus.
5. The Net Asset Value per Equity Share is Rs. 29.06 as at March 31, 2009, as per the restated financial statements of our Company under Indian GAAP in the section titled “Financial Statements” on [●] of this Draft Red Herring Prospectus.
6. No part of the issue proceeds will be paid as consideration to our Promoters, our Directors, our key managerial employees or our promoter group companies or ventures except as mentioned in section “Interest of Promoters / Directors” in normal course of business, as given on page [●] of this Draft Red Herring Prospectus.
7. For details on related party transactions, please refer to the section titled “Related Party Transaction” on page [●] of this Draft Red Herring Prospectus.
8. Our Promoter Group, Directors and their relatives have not financed the purchase by any other person of the equity shares of our Company during the period of six months immediately preceding the date of filing of Draft Red Herring Prospectus with the Board.
9. Other than as stated in the section titled “Capital Structure” on page [●] of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
10. The Investors are advised to refer to the paragraph on “Basis for Issue Price” on page [●] of this Draft Red Herring Prospectus before making any investment in this Issue and “Basis of Allotment or Allocation” on page [●] of this Draft Red Herring Prospectus.
11. Trading in the Equity Shares of our Company for all investors shall be in dematerialized form only, after the Equity Shares are fully paid-up. For further details, see the section titled “Offering Information” on page [●] of this Draft Red Herring Prospectus.
12. The name of our Company was changed from Kapish Products Private Limited to “Cantabil Retail India Private Limited” on March 05, 2009. The name of the Company was changed pursuant to the merger of “Cantabil International Private Limited” with the Company and to use the brand name of the Company in its name. For further details on the merger, please refer to the Section titled “History and Certain Corporate Affairs” on page [●] of this Draft Red Herring Prospectus. The name of our Company was further changed from “Cantabil Retail India Private Limited” to “Cantabil Retail India Limited” on August 26, 2009. The name was changed pursuant to the conversion of our Company from private limited to public limited company.
13. Our Company and the BRLMs will update the offer document in accordance with the Companies Act and the SEBI ICDR Regulations and our company and the BRLMs will keep the public informed of any material changes relating to our company till the listing of our shares on the Stock Exchanges. No selective or additional information would be made available to a section of investors in any manner whatsoever.

14. Any clarification or information relating to the Issue shall be made available by the BRLMs, Compliance Officer and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
15. Investors may contact any of the BRLMs, Registrar to the Issue and Compliance Officer for any complaints, clarifications, etc. pertaining to the Issue.

SUMMARY OF INDUSTRY AND BUSINESS

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the following summary with the risk factors beginning on page [●] of this Draft Red Herring Prospectus and the more detailed information about Cantabil Retail India Limited and the financial statements included in this Draft Red Herring Prospectus.

INDUSTRY OVERVIEW

Indian Retail Sector – An Overview

Retail is a flourishing industry in India boosted by growing economic prosperity, with millions of middle class consumers enjoying a new affluence. In terms of numbers, the country provides the second best global opportunity for retail development. In the last five years, India has become a hot destination for the entry of global consumer brands and international business entities.

Despite the changing economics, the Indian consumer is shaping how modern retail grows. The change that is being witnessed is that the consumer is getting more conscious and is demanding more value for money. It has become important for retailers to understand the consumers and position one's retail stores accordingly.

The Indian retail market has been ranked the most attractive emerging market for investment followed by Russia and China in the retail sector by AT Kearney's eighth annual Global Retail Development Index (GRDI), in 2009. It has improved upon its second rank in 2008 when Vietnam led the pack. It indicates that India is still one of the most preferred destinations for retail among international investors.

2009 Rank	Country	GRDI Score
1	India	68
2	Russia	60
3	China	56
4	United Arab Emirates	56
5	Saudi Arabia	56
6	Vietnam	55
7	Chile	55
8	Brazil	53
9	Slovenia	52
10	Malaysia	51

Source: The 2009 A.T. Kearney Global Retail Development Index

The Indian Retail market is estimated at about USD 410 billion and constitutes about 60% of private consumption and about 35% of India's GDP. With Indian GDP expected to grow at 7-8% in the next coming years, the retail market is expected to touch USD 860 billion by 2018. Currently, 100% FDI is allowed under the automatic route for Cash and Carry wholesale trading and export trading and 51% is allowed, with prior government approval, for retail trade in "Single-brand" products. The FDI in single-brand retailing has gone up from meager USD 2 million up to March 2008 to USD 32.16 million up till March 2009. Therefore, it augurs well for overall retail sector and as the government opens up the sector further it will only take strides forward.

Indian Textile Industry

Textile industry is one of the most important industries in the Indian Economy both in terms of employment generation and contribution to GDP. It provides employment to about 91 million people (both directly and indirectly) in textile and allied activities and this figure is likely to reach approximately 105.39 million by 2012. This sector also contributes about 4 % in country's gross domestic production (GDP), 14 % of industrial production and over 13 % of the country's total export earnings.

(Source: ASSOCHAM Textile Scenario August 2009)

Indian Apparel Market

The domestic apparel retailing industry is estimated to be round US\$ 2.7 billion and in spite of recession is likely to grow at 5-7 per cent in 2009-10. The domestic organized garment retailing clocked a growth of 13-14 per cent for year ended March 2009. Clothing & Accessories segment dominates the organized retail sector contributing over 38 per cent of the organized retail pie. The stupendous growth of organized retail since 2004 has had a positive impact on apparel industry.

Apparel Segments at a Glance

Menswear

Menswear is still the largest product category both in terms of volume and value. This segment is also better organized as compared to other categories. In 2007 the segment had volume growth rate of 5% and value growth rate of 13.9%. But in year 2008, the volume grew at the rate of 5.6% while the value growth rate fell at 8.7% only from Rs 408400 million to Rs 444000 million. Amongst the fastest growing categories were formal suits, jackets and blazers which grew at 9.9% over the FY 2007 and shirts which grew at 9.4%. Men's shirts constitutes the largest category with market size worth Rs 169230 million in 2008 followed by trousers at Rs 115750 million. Formal outerwear (Suits, Jackets and Blazers) is the next big men's wear category valued at Rs 40100 million followed by innerwears (Rs 33140 million), T-shirts (Rs 30570 million) respectively and others. The largest segment in terms of volume is for innerwear while shirts segment is a close second. The general pattern that is observed among all the segments is that premium and super-premium categories are the fastest growing signifying increasing brand consciousness amongst the consumers.

Womenswear

The women's wear segment comprises 31.7% share of the Indian apparel market in value terms, which is slightly less than 32% share, it contributed in 2007 and 2006. As compared to 5.7% volumes growth in 2007, the women's wear segment recorded 1676.50 million unit sales in 2008, growing only 4.2% over units sold in 2007. The market in 2008 was valued at Rs 410500 million, an annual growth of 8.3%. The largest sub-segment is the sarees contributing Rs 162420 million i.e. 39.5% of total sales value. Salwar-suits comprise the second largest category valued at Rs 100110 million and lingerie comes third at Rs 61960 million. Lingerie is the largest category in terms of sales volume with 537.30 million units. Here again as witnessed in men's wear, brand consciousness is exhibiting an upward trend as reflected by growing percentage increase in premium and super-premium categories.

Unisex Apparel

Unisex apparel comprises jeans wear, casual jackets/blazers, active sportswear, winter wear, and accessories like socks, ties, scarves. It grew by 5.6% in volume and 7.1% in value in 2008 over the previous year. The total market in 2008 is at Rs 116.20 billion with sales volume of 578.5 million units.

Kidswear and Uniforms

The total kidswear plus uniforms market is estimated at Rs 287900 million, which has shown a growth of 18.6% in 2008 over 2007. This market size also includes the Rs 115000 million uniform segment that saw an annual value growth of 23% over the previous year. Though this is a steadily growing market, yet considering the fact that 30% of the population is below 15 years of age and people tend to be more lavish in their spends on children, the existing market share leaves much more to be desired. The kids wear

segment has grown at the rate of 10.10% in value terms, and 6.3% in volume terms in 2008, which is significantly higher growth rate than in 2007 as volume growth was only 4.36% in the previous year.

BUSINESS OVERVIEW

We are in the business of designing, manufacturing, branding and retailing of apparels under the brand names of “CANTABIL” and “La FANSO”. We have a network of 381 exclusive retail outlets (as of August 31, 2009) spread across India.

We started our garments manufacturing and retailing business in 2000 and opened our first Cantabil store on September, 2000 in New Delhi. The “CANTABIL” brand with 206 exclusive retail outlets offers the complete range of formalwear, party-wear, casuals & ultracausal clothing for Men, Women and Kids in the middle to high income group. In the last 9 years, “CANTABIL” has become a complete family wear brand with addition of women’s wear segment in 2007 and Kidswear segment in 2008. Sales from Cantabil brand has increased from Rs 730.07 million in fiscal year 2007-08 to Rs 1138.27 million in fiscal year 2008-09 and has contributed 82.91% of our total income in 2008-09. We launched our second brand “La FANSO” on 25th October 2008 and have 175 exclusive outlets. The “La FANSO” brand caters to men’s segment in lower to middle income group and focuses on casual, ultra casual and formal wear. We are also retailing various accessories like ties, belts, socks, caps and handkerchief under our brands.

Presently we have 3 in-house manufacturing / finishing units and 4 warehouses located in Delhi. We also have 3 third party dedicated units manufacturing exclusively for us. We have fabricating arrangements with 94 manufacturing units to which we outsource cutting and stitching. Our manufacturing and finishing facilities are sufficiently backed by facilities for product development, design, fabric testing to ensure quality apparels for our customers. We are setting up a garment washing unit at Sonipat at a cost of Rs 22.09 million, which is under advance stage of implementation and is slated to start operation by end of March 2010. In order to meet our growth plans and to reduce our dependence on third party fabricators, we are proposing to set up a large integrated manufacturing facility at Bahadurgarh. For details of our proposed project, see the section titled “Object to the Issue” beginning on page [●] of this DRHP.

As per our restated financial statements, our total revenues for the financial years ended March 31, 2009, 2008 and 2007, were Rs 1383.23 million, Rs 733.58 million and Rs 443.72 million respectively. For the financial years ended March 31, 2009, 2008 and 2007, our profit before tax was Rs 95.53 million, Rs 44.72 million and Rs 43.63 million respectively.

We have two chains of exclusive retail outlets under the brand name “Cantabil” and “La FANSO” which display and sell the respective brands exclusively. To enhance visibility and to ensure maximum footfalls, our stores are situated at malls and at prominent locations of the major metros, mini metros, large cities and other Tier II cities. Such metros and cities includes Delhi, Mumbai, Kolkatta, Bangalore, Hyderabad, Pune, Jaipur, Ahemdabad, Vadodra, Lucknow, Kanpur, Patna, Ranchi, Dehradun, Meerut, Ludhiana, Jalandhar, Udaipur, Agra, Ghaziabad and Gurgaon etc.

Region wise break up of exclusive retail outlets (as on August 31, 2009)

Regions	Cantabil	La Fanso
	No. of Stores	No. of Stores
North	112	119
South	9	0
East	18	7
West	61	47
Central	6	2
Total	206	175

The floor area on which our brands Cantabil and La FANSO are sold is 194990 sq ft and 98010 sq ft respectively.

We operate our outlets under two models either company owned & franchisee managed or franchisee owned & operated. The break up of the number of exclusive retail outlets under various models as on August 31, 2009

Company Owned/Leased and Franchisee Managed * (COFM)		Franchisee Leased/Owned, Franchisee Operated (FOFO)	
Cantabil	La Fanzo	Cantabil	La Fanzo
107	14	99	161

*These category of outlets, are owned/ taken on the lease by our company. However the control to manage is given to a franchisee who is preferably a local. The staff is ours and the franchisee is responsible for the overall operation of the outlet including sales. The franchisee is paid certain percent of commission on sales depending on the mutually agreed terms.

OUR STRENGTHS

We believe that the following are our principal competitive strengths, which differentiate us from other players in the apparel manufacturing and retailing industry:

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, styling or services. Understanding the customer is one of the most important skills required to be successful in our business. Our branded apparels are based on innovative designs relevant to Indian taste. Our promoters have over 20 years of experience in this field and understand the consumers' needs.

Strong In-House Design & Research team

Our design team understands that the design does not cover only the material product, but also creates an effect that is usually socio economic in nature. At ours, each season starts with "idea-seeds" that are planted in trials and proposals. The design and programming of product is carried out by the merchandising and designing department headed by our Director, Ms Swati Gupta, who is a NIFT graduate. We also have a team of professional designers recruited through renowned fashion institutions for understanding the colour, design and fashion forecasts for the fashion industry

Exclusive Brand Outlets

We operate on a model of marketing our apparels directly to consumers through a chain of EBOs of our brands "Cantabil" and La FANSO". We focus our strategies and efforts to provide quality apparels at affordable price. We promote and position our brands with innovative marketing and advertising campaign. This business model enables our Company to reach directly to our customers and understand their needs and requirements. EBOs help us in establishment of brand recall value with the customers. We have developed a wide network of exclusive brand outlets across metros, tier I and tier II cities in India.

Personal Relationship at the Outlet Floor

We have experienced that improved customer service provides a tremendous boost to sales. Handing over the decision making in customer service to our outlet managers have empowered them to understand the customer better and address their needs and woo them in order to increase brand retention.

Apparel range catering to wide customer base

We manufacture and market apparels ranging from sophisticated formalwear and party-wear to casuals, ultracasuals and contemporary clothing for Men's and formalwear and casual range for women and kids. Our apparel portfolio ranges from shirts, tops, trousers, suits, blazers, denims, T-shirts, pullovers, jackets, shorts, cargos and accessories like caps, belts, ties, socks etc. Majority of the products of our Company are targeted towards the customers in the age group from 20 - 45 years, which comprises 36,3% of the Indian population besides we are also expanding our Kidswear range for kids between 5-14 years who constitute 24.6% of the total population.

In-house integrated Capacity

We are an integrated apparel manufacturing and retail company with in-house capabilities for designing, sourcing of fabric and garment accessories, manufacturing and retailing of apparels. Our core competency lies in our designing and stringent quality control. We have a centralized purchasing system for sourcing of fabric directly from mills or from suppliers which helps us to reduce cost of inputs and maintain quality of fabrics.

Strong Management Team with Industry Specific Experience

We have strong management team with many years of hands on experience in the apparel industry. Our promoter directors Mr Vijay Bansal and Mr Deepak Bansal have an extensive experience in apparel and garment accessories industry. This understanding helps our top management in taking appropriate decisions.

We have also created a highly empowered team with industry specific knowledge in activities like cutting, stitching, washing and finishing for carrying out the day to day operations of our company. We have also created a team of managers in the second layers below top management. We strongly believe in regularly training our managerial and supervisory staff in their respective jobs.

Strong IT Infrastructure

We have successfully managed our growth by investing in infrastructure, including human and IT infrastructure. We being an apparel manufacturer and 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. Our head office thus maintains full control on all the stocks and sales on a daily basis. We are using Wizapp3S and SQL software to keep track of our retail operations and help in inventory control.

Commitment to quality

We strive to provide the best of quality with regard to fabric, garment accessories and have put in place stringent quality control systems to ensure high quality garments. We also have a system wherein customers if find any defects in our garments can replace them within 15 days of the purchase. We, therefore, never compromise and are fully committed to providing only quality products.

THE ISSUE

Particulars	Number of Equity Shares
Public Issue	[●] equity shares of face value Rs. 10 each at a premium of Rs. [●] for cash aggregating Rs. 1,050 millions
Of which	
Qualified Institutional Buyers Portion	Atleast [●] equity shares of face value Rs. 10 each at a premium of Rs. [●] for cash (allocation on proportionate basis), out of which upto 5% i.e. [●] equity shares shall be available for allocation on proportionate basis to Mutual Funds only and the balance [●] equity shares shall be available for allocation to all QIBs including Mutual Funds.
Non Institutional Portion	Upto [●] equity shares of face value Rs. 10 each at a premium of Rs. [●] for cash
Retail Portion	Upto [●] equity shares of face value Rs. 10 each at a premium of Rs. [●] for cash
Equity Shares outstanding prior to the Issue	8,549,830 equity shares of face value Rs. 10 each
Equity Shares outstanding after the Issue	[●] equity shares of face value Rs. 10 each
Use of net proceeds	Please see the chapter titled “Objects of the Issue” on page [●] of this Draft Red Herring Prospectus.

SUMMARY OF FINANCIAL STATEMENTS

The following summary of financial and operating information is derived from the financial statements of the Company as of and for the years ended March 31, 2005, 2006, 2007, 2008 and 2009 as described in the Auditors Report of Suresh and Associates, Chartered Accountants in the section titled “Financial Statements” on page [●] of this Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations.

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Annexure I
In Rupees Millions

PARTICULARS	For the Financial Year ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
A. FIXED ASSETS					
Gross Block	144.81	80.10	14.13	5.90	3.83
Less: Depreciation	34.15	18.47	3.42	2.44	1.80
Net Block	110.66	61.62	10.72	3.47	2.03
Capital Work in Progress	20.11	-	-	-	-
B. INVESTMENTS	0.51	0.51	-	-	-
C. CURRENT ASSETS, LOANS & ADVANCES					
Inventories	568.46	325.47	107.65	41.74	27.64
Sundry Debtors	306.42	117.30	83.40	24.46	12.92
Cash and Bank Balances	9.44	9.45	0.17	1.54	0.79
Loans and Advances	137.19	77.87	27.45	11.72	4.68
Total	1,021.51	530.08	218.66	79.46	46.02
D. LIABILITIES & PROVISIONS					
Secured Loans	438.34	320.31	59.39	15.42	11.26
Unsecured Loans	7.03	5.00	-	8.37	7.20
Deferred Tax Liability / (Asset)	(2.04)	(1.49)	(1.31)	(0.09)	0.07
Current Liabilities	502.81	147.27	94.85	31.26	21.48
Provisions	58.63	33.94	27.16	9.58	1.45
Total	1,004.78	505.03	180.09	64.53	41.45
NET WORTH (A+B+C-D)	148.00	87.18	49.29	18.40	6.60
REPRESENTED BY					
E. SHARE CAPITAL					
Equity Share Capital	50.94	50.94	4.85	4.70	4.70
Total	50.94	50.94	4.85	4.70	4.70
F. RESERVES AND SURPLUS					
Profit and Loss Account	95.72	35.21	43.10	13.71	1.91
Share Premium Account	1.35	1.35	1.35	-	-
Total	97.07	36.56	44.45	13.71	1.91
H. Less : Miscellaneous expenditure (not written off)	-	0.31	0.01	0.02	0.02
NET WORTH (E+F-H)	148.00	87.18	49.29	18.40	6.60

STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

Annexure II
In Rupees Millions

PARTICULARS	For the Financial Year ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
A. INCOME					
Sales:					
Goods Manufactured	1,105.25	592.29	359.34	203.19	92.00
Goods Traded	267.68	137.78	82.05	23.84	11.99
Other Income	10.31	3.51	2.33	0.22	0.36
Increase / (Decrease) in Stock	218.24	166.92	60.25	13.53	0.42
Total	1,601.48	900.51	503.96	240.78	104.76
B. EXPENDITURE					
Material Consumed and Cost of Goods Sold	898.90	579.54	345.54	163.74	74.95
Employees Cost	72.35	30.39	8.43	5.44	3.40
Selling & Distribution Expenses	311.51	126.48	87.12	46.57	20.45
Operating & Administration Expenses	149.24	84.58	14.48	4.45	2.60
Financial Expenses	17.96	6.26	0.53	0.15	0.10
Miscellaneous expenditure Written off	0.31	0.00	0.00	0.00	0.00
Total	1,450.28	827.25	456.11	220.37	101.50
Profits Before Depreciation, Interest & Tax (A - B)	151.19	73.25	47.85	20.41	3.27
Interest	39.58	19.22	3.24	1.12	1.58
Profits Before Depreciation & Tax	111.61	54.04	44.61	19.29	1.69
Depreciation	16.08	9.32	0.98	0.63	0.56
Profits Before Tax	95.53	44.72	43.63	18.65	1.13
Less:					
Current Year's Tax	32.99	15.79	16.23	6.87	0.34
Deferred Tax Liability / (Asset)	(0.55)	(0.26)	(1.21)	(0.16)	0.06
Fringe Benefit Tax	0.97	0.60	0.21	0.14	-
Excess Tax Paid/Provisions Written back for the previous year	-	0.04	0.99	(0.00)	0.00
Profits After Tax	62.13	28.63	29.39	11.80	0.74
Less:					
Profits After Tax	62.13	28.63	29.39	11.80	0.74
Balance brought forward from Previous Year	35.21	43.10	13.71	1.91	1.18
(Add)/Less: Exceptional Items	1.62	4.72	-	-	-
Less: Capitalisation of Reserves (Bonus Issue)	-	41.25	-	-	-
BALANCE CARRIED TO SUMMARY OF ASSETS & LIABILITIES	95.72	35.21	43.10	13.71	1.91

GENERAL INFORMATION

Our Company was originally incorporated as Kapish Sales Private Limited on February 09, 1989 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana. The name of the Company was subsequently changed to Kapish Products Private Limited pursuant to a fresh Certificate of Incorporation dated May 15, 1995. The name of our Company was subsequently changed to Cantabil Retail India Private Limited pursuant to a fresh Certificate of Incorporation dated March 05, 2009. Subsequently our Company was converted into public limited company and received fresh Certificate of Incorporation dated August 26, 2009 in the name of Cantabil Retail India Limited.

Registered Office

B - 47, 1st Floor
Lawrence Road Industrial Area
New Delhi - 110 035
Tel.: +91 11 2715 6381-82
Telefax: +91 11 2715 6383
Email: investors@cantabilinternational.com
Website: www.cantabilinternational.com

Corporate Identification Number: U74899DL1989PLC034995

Registrar of Companies

Registrar of Companies, NCT of Delhi & Haryana,
IFCI Tower, 61 Nehru Place
New Delhi - 110 019

Board of Directors of the Company

Sr. No.	Name & Designation	Age (in years)	DIN	Status
1	Mr. Vijay Bansal S/o Late Sh. Shri Chand Bansal	51	01110877	Chairman and Managing Director Appointed for a period of 3 years i.e. from 15/09/2009 to 14/09/2012
2.	Mr. Deepak Bansal S/o Sh. Vijay Bansal	26	01111104	Whole Time Director Appointed for a period of 3 years i.e. from 15/09/2009 to 14/09/2012
3.	Mr. Anil Bansal S/o Sh. Ram Niwas Bansal	34	02443104	Whole Time Director Appointed for a period of 3 years i.e. from 15/09/2009 to 14/09/2012
4.	Ms. Swati Bansal W/o Sh. Anand Swaroop Gupta	27	00009081	Non-executive Promoter Director Liable to retire by rotation
5.	Dr. Arun Kumar Roopanwal S/o Sh. Shanti Swaroop Saxena	58	00406817	Non-executive Independent Director Liable to retire at next Annual General Meeting
6.	Mr. Lalit Kumar S/o Sh. Dev Raj Gupta	44	00025150	Non-executive Independent Director Liable to retire at next Annual General Meeting
7.	Mr. Romesh Lal S/o Sh. Prakash Chand	69	00026288	Non-executive Independent Director Liable to retire at next Annual General Meeting
8.	Mr. Brij Mohan Aggarwal S/o Sh. Bhoj Raj Aggarwal	56	00157253	Non-executive Independent Director Liable to retire at next Annual General Meeting

Compliance Officer

Ms. Rekha Grover
Company Secretary & Head - Legal
Cantabil Retail India Limited
B - 47, 1st Floor
Lawrence Road Industrial Area
New Delhi - 110 035
Tel.: +91 11 2715 6381-82
Telefax: +91 11 2715 6383
Email: investors@cantabilinternational.com
Website: www.cantabilinternational.com

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

BOOK RUNNING LEAD MANAGER

SPA Merchant Bankers Limited

SEBI Regn. No.: INM 000010825
25, C - Block, Community Centre
Janak Puri, New Delhi - 110 058
Tel.: +91 11 2551 7371, 4567 5500
Fax: +91 11 2553 2644
E-mail: cantabil@spagroupindia.com
Website: www.spacapital.com
Contact Person : Mr. Nitin Somani / Ms. Ashi Mehra

LEGAL ADVISORS TO THE ISSUE

Vaish Associates, Advocates

Flat# 5, 6 & 7
10 Hailey Road
New Delhi - 110 001
Tel. +91 11 4249 2525
Fax +91 11 2332 0484
Email: delhi@vaishlaw.com
Contact Person: Mr. Satwinder Singh / Mr. Manish Tully

REGISTRAR TO THE ISSUE

Beetal Financial & Computer Services (P) Limited

SEBI Regn. No: INR 000000262
Beetal House, 3rd Floor,
99 Madangir, Behind Local Shopping Centre,
New Delhi - 110 062
Tel.: +91 11 2996 1281
Fax: +91 11 2996 1284
E- mail: beetal@beetalfinancial.com
Contact Person: Mr. Punit Mittal

SYNDICATE MEMBERS

[•]

ESCROW COLLECTION BANKS

[•]

BANKERS TO THE COMPANY**Axis Bank Limited**

5th Floor, Ashoka Estate
24, Barakhamba Road
New Delhi - 110 001
Tel. +91 11 4355 6200 / 300
Fax +91 11 4350 6565

Standard Chartered Bank

SME Banking
10, Sansad Marg
New Delhi-110 001
Tel. +91 11 2340 6201, 2336 7348
Fax +91 11 2374 3044

SELF CERTIFIED SYNDICATE BANKS

The list of banks who have been notified by SEBI to act as Self Certified Syndicate Banks (SCSBs) for ASBA process is available at www.sebi.gov.in.

AUDITORS TO THE COMPANY**Suresh & Associates**

3A, Bigjo's Tower
Netaji Subhash Place, Pitampura
Delhi - 110 034
Tel.: +91 11 2735 6916
Fax :+91 11 2735 6918
E-mail: suresh_associates@rediffmail.com
Contact Person: Mr. Narender Arora

IPO GRADING AGENCY

[●]

IPO GRADING

This issue being has been graded by [●] and has been assigned [●] indicating the fundamentals of the issue are [●]. The IPO Grading is assigned on a 5 point scale from 1 to 5 with [●] indicating strong fundamentals and [●] indicating poor fundamentals. For details in relation to report of grading agency please refer to "Grading Rationale" on page [●] of this Draft Red Herring Prospectus.

MONITORING AGENCY

There is no requirement for a monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. The Audit Committee of our Board would monitor the utilization of the proceeds of the Issue. For details please refer to section titled 'Objects of the Issue' on page [●] of Draft Red Herring Prospectus.

APPRISING AGENCY

The issue has not been appraised.

CREDIT RATING

This being an issue of equity shares, there is no requirement of credit rating of the issue.

TRUSTEES

As the issue is of Equity Shares, the appointment of Trustees is not required.

BOOK BUILDING PROCESS IN BRIEF

Book Building refers to the process of collection of Bids, on the basis of the Draft Red Herring Prospectus. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- Our Company
- Book Running Lead Manager
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE / NSE and eligible to act as underwriters
- Registrar to the Issue and
- Escrow collection Banks

The primary responsibility of building the book shall be that of the lead book runner.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI ICDR Regulations wherein: (i) at least 50% of the Issue shall be allocated on a proportionate basis to QIBs, including upto 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) upto 15% of the Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) upto 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 SEBI ICDR Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid / Issue Closing Date. QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis. For further details see section titled “Issue Structure” on page [●] of this Draft Red Herring Prospectus.

Our Company shall comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed SPA Merchant Bankers Limited as the Book Running Lead Manager to manage the Issue and to procure the subscriptions to the Issue.

The process of bidding through the ASBA process by ASBA Investors under the SEBI Circular dated July 30, 2008 may be subject to change from time to time which may either be clarificatory in nature or otherwise and ASBA Investors are advised to make their own judgment about investment through this process prior to submitting a ASBA Bid cum Application Form to SCSB.

The process of Book Building under the SEBI ICDR Regulations is relatively new and is subject to change, from time to time. Accordingly, investors are advised to make their own judgment about investment through this process of Book Building prior to making a Bid.

Investors should note that Equity Shares would be allotted to all successful Bidders only in 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.

Illustration of Book Building and Price Discovery Process

Book Building refers to the process of collection of Bids, on the basis of the Draft Red Herring Prospectus. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- Our Company
- Book Running Lead Manager
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters
- Registrar to the Issue and
- Escrow collection Banks

The primary responsibility of building the book shall be that of the lead book runner.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI ICDR Regulations wherein: (i) atleast 50% of the Issue shall be allocated on a proportionate basis to QIBs, including upto 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) upto 15% of the Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) upto 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.

If atleast 50% of the Net Issue cannot be allocated to QIBs, then the entire subscription money will be refunded forthwith.

In accordance with SEBI ICDR Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid / Issue Closing Date. In addition, as per the recent amendments to the SEBI ICDR Regulations, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis. For further details see section titled "Issue Structure" on page [●] of this Draft Red Herring Prospectus.

Our Company shall comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed SPA Merchant Bankers Limited as the Book Running Lead Manager to manage the Issue and to procure the subscriptions to the Issue.

The process of bidding through the ASBA process by ASBA Investors under the SEBI Circular dated July 30, 2008 may be subject to change from time to time which may either be of a clarificatory nature or otherwise and ASBA Investors are advised to make their own judgment about investment through this process prior to submitting a Bid-cum-ASBA Form to SCSB.

The process of Book Building under the SEBI ICDR Regulations is relatively new and is subject to change, from time to time. Accordingly, investors are advised to make their own judgment about investment through this process of Book Building prior to making a Bid.

Investors should note that Equity Shares would be allotted to all successful Bidders only in 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.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)

The Bidders (excluding the ASBA Bidders who can only Bid at Cut-off Price) can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60 to Rs. 72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLM will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. 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 for bidding:

1. Check eligibility for bidding (see the section titled “Offering Information - Who Can Bid” on page [●] of this Draft Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. Ensure that you have mentioned your PAN on the Bid-cum-Application Form (see the section titled “Offering Information” on page [●] of this Draft Red Herring Prospectus);
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section Offering Information -Bidder’s Depository Account Details” on page [●] given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
6. Bids by ASBA Bidders will only have to be submitted to the SCSB. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum ASBA Form is not rejected.

WITHDRAWAL OF THE ISSUE

Our Company in consultation with the BRLM reserves the right not to proceed with the issue any time after the Bid / Issue opening date but before the Board meeting for allotment without assigning any reason thereof.

BID/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 Bid/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 1,00,000 and 5.00 p.m. in case of Bids by Retail Individual Bidders and Eligible Employees where the Bid Amount is up to Rs. 1,00,000 (which may be extended from time to time by the Stock Exchanges at the request of the BRLMs). 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. Bidders should specifically note that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last day. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Company, the Selling Shareholder, the BRLMs and the Syndicate Members shall not be responsible.

Bidding will not take place on Saturdays, Sundays and Public Holidays. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE. Bids will be accepted only on working days i.e. Monday to Friday (excluding public holidays).

In case of discrepancy in the data entered in the electronic book vis a 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-a-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

We will decide the Price Band in consultation with the BRLM. The announcement on the Price Band shall also be made available on the websites of the BRLM and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI ICDR Regulations. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price band can move up or down to the extent of 20% of the floor of the price band.

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

Underwriters to the Issue

After the determination of the Issue Price and allocation of the Equity Shares but prior to filing of the Prospectus with the ROC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue except for ASBA Bids. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations save and except for underwriting obligations resulting from ASBA Bids..

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

Details of Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Million)
[•]	[•]	[•]

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

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI or registered as brokers with the Stock Exchange(s).

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

CAPITAL STRUCTURE

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

In Rupees millions (except share data)		
Particulars	Aggregate Value at Nominal Price	Aggregate Value at Issue Price
(A) Authorised Share Capital 15,000,000 equity shares of face value Rs. 10 each	150.00	
(B) Issued, Subscribed and Paid up share capital before the Issue 8,549,830 equity shares of face value Rs. 10 each	85.50	
(C) Present Issue in terms of this Draft Red Herring Prospectus ¹ [●] equity shares of face value Rs. 10 each	[●]	[●]
(D) Paid up share capital after the Issue [●] equity shares of face value Rs. 10 each	[●]	
(E) Securities Premium Account Before the Issue After the Issue	3.85 [●]	

¹ The present Issue in terms of this Draft Red Herring Prospectus has been authorized by our members in their Annual General Meeting and by our Board of Directors pursuant to the resolutions passed in their meeting held on September 09, 2009 and September 11, 2009 respectively.

Notes to the Capital Structure:

1. Changes in Authorised Share Capital

The details of changes in authorised share capital of our company since Incorporation are as follows

Date of Meeting	Cumulative No. of Equity Shares	Face Value (Rs.)	Authorised Share Capital (in Rs.)	Particulars
Since Incorporation	10,000	10	100,000	-
July 27, 1989	50,000	10	500,000	Capital increased from Rs. 100,000 to Rs. 500,000
September 21, 1990	100,000	10	1,000,000	Capital increased from Rs. 500,000 to Rs. 1,000,000
April 22, 1993	250,000	10	2,500,000	Capital increased from Rs. 1,000,000 to Rs. 2,500,000
July 05, 1994	350,000	10	3,500,000	Capital increased from Rs. 2,500,000 to Rs. 3,500,000
June 10, 1995	500,000	10	5,000,000	Capital increased from Rs. 3,500,000 to Rs. 5,000,000
March 02, 2005	700,000	10	7,000,000	Capital increased from Rs. 5,000,000 to Rs. 7,000,000
April 09, 2007	4,700,000	10	47,000,000	Capital increased from Rs. 7,000,000 to Rs. 47,000,000
December 08, 2008	5,400,000	10	54,000,000	Capital increased from Rs. 47,000,000 to Rs. 54,000,000 *
July 18, 2009	12,500,000	10	125,000,000	Capital increased from Rs. 54,000,000 to Rs. 125,000,000
September 09, 2009	15,000,000	10	150,000,000	Capital increased from Rs. 125,000,000 to Rs. 150,000,000

* M/s Cantabil International Private Limited merged with our Company vide order of the Hon'ble High Court of Delhi dated October 23, 2008. The abovementioned increase in the Authorised Share capital of our Company was pursuant to the addition of the authorized share capital of Cantabil International Private Limited.

2. Equity Share Capital History

(in Rupees, except share data)

Date of Allotment	No. of Equity Shares	Cumulative No. of Equity Shares	Face Value	Issue Price	Cumulative Paid up Capital	Cumulative Securities Premium	Nature of consideration	Category of Allottees
February 19, 1989	300	300	10	10	3,000	-	Cash	Subscribers to MOA ¹
March 20, 1989	200	500	10	10	5,000	-	Cash	Promoter Group
July 15, 1989	2,140	2,640	10	10	26,400	-	Cash	Promoter Group
July 28, 1989	13,500	16,140	10	10	161,400	-	Cash	Promoter Group
August 21, 1989	10	16,150	10	10	161,500	-	Cash	Promoter Group
September 11, 1989	5,010	21,160	10	10	211,600	-	Cash	Promoter Group
May 10, 1990	10	21,170	10	10	211,700	-	Cash	Promoter Group
May 15, 1990	100	21,270	10	10	212,700	-	Cash	Promoter Group
September 17, 1990	60	21,330	10	10	213,300	-	Cash	Promoter Group
September 24, 1990	18,500	39,830	10	10	398,300	-	Cash	Promoter Group
October 01, 1990	1,360	41,190	10	10	411,900	-	Cash	Promoter Group
November 20, 1990	10	41,200	10	10	412,000	-	Cash	Promoter Group
March 25, 1992	40	41,240	10	10	412,400	-	Cash	Promoter Group
March 28, 1992	140	41,380	10	10	413,800	-	Cash	Promoter Group and Others
March 30, 1992	7,300	48,680	10	10	486,800	-	Cash	Promoter Group
August 01, 1992	34,600	83,280	10	10	832,800	-	Cash	Promoter Group
March 30, 1993	16,600	99,880	10	10	998,800	-	Cash	Promoter Group
October 18, 1993	19,100	118,980	10	10	1,189,800	-	Cash	Promoter Group
February 08, 1994	56,900	175,880	10	10	1,758,800	-	Cash	Promoter Group
March 22, 1994	26,600	202,480	10	10	2,024,800	-	Cash	Promoter Group
March 30, 1994	7,500	209,980	10	10	2,099,800	-	Cash	Promoter Group
July 15, 1994	41,400	251,380	10	10	2,513,800	-	Cash	Promoter Group
December 19, 1994	89,500	340,880	10	10	3,408,800	-	Cash	Promoter Group
July 21, 1995	13,600	354,480	10	10	3,544,800	-	Cash	Promoter Group

Date of Allotment	No. of Equity Shares	Cumulative No. of Equity Shares	Face Value	Issue Price	Cumulative Paid up Capital	Cumulative Securities Premium	Nature of consideration	Category of Allottees
September 13, 1996	11,200	365,680	10	10	3,656,800	-	Cash	Promoter Group
March 20, 1998	51,906	417,586	10	10	4,175,860	-	Cash	Promoter Group
February 02, 1999	52,750	470,336	10	10	4,703,360	-	Cash	Promoter Group
January 29, 2007	15,000	485,336	10	100	4,853,360	1,350,000	Cash	Other than Promoters
May 11, 2007	3,882,688	4,368,024	10	-	43,680,240	1,350,000	Bonus	Existing shareholders ²
January 30, 2009	725,620	5,093,644	10	10	50,936,440	1,350,000	Pursuant to Scheme of amalgamation	Promoter Group ³
September 11, 2009	250,000	5,343,644	10	20	53,436,440	3,850,000	Cash	Promoter Group
September 11, 2009	3,206,186	8,549,830	10	-	85,498,300	3,850,000	Bonus	Existing shareholders ⁴

¹ The Subscribers to the Memorandum of Association of the Company are Mr. Vijay Bansal, Mr. Subhash Goyal and Ms. Sanjana Goyal.

² The Company had issued bonus shares to the members in the ratio of 8:1 by utilizing accumulated profits lying to the credit of Profit and Loss account.

³ In terms of the order of the Hon'ble High Court of Delhi dated October 23, 2008 in the matter of amalgamation of Cantabil International Private Limited with Cantabil Retail India Private Limited (formerly known as Kapish Products Private Limited), 725,620 equity shares were allotted by the Company to the members of Cantabil International Private Limited in the ratio of 3 equity shares of face value Rs. 10 each of Cantabil Retail India Limited against every 2 equity shares of face value Rs. 10 each held in Cantabil International Private Limited. For further details, refer to the Section titled "History and Certain Corporate Matters" on page [●] of the DRHP.

⁴ The Company had issued bonus shares to the members in the ratio of 3:5 by utilizing accumulated profits lying to the credit of Profit and Loss account.

3. Capital build up of existing shareholding of Promoters

Name of Promoter	Date of Acquisition	No. of Equity Shares	Issue / Acquisition Price (Rs.)	Particulars of allotment / acquisition
Mr. Vijay Bansal	September 13, 1996	4,810	10.00	Allotment of shares for Cash
	April 26, 2000	23,020	10.00	Transfer of shares
	April 01, 2007	255,810	2.67	Transfer of shares
	May 11, 2007	2,271,520	-	Allotment of Bonus Shares
	January 30, 2009	109,807	10.00	Pursuant to Scheme of amalgamation
	August 13, 2009	70,000	10.00	Transfer of shares
	September 11, 2009	250,000	20.00	Allotment of Shares for Cash
	September 11, 2009	1,790,980	-	Allotment of Bonus Shares
	Total	4,775,947		
Mr. Deepak Bansal	March 20, 1989	100	10.00	Allotment of shares for Cash
	August 1, 1992	17,300	10.00	Allotment of shares for Cash
	April 26, 2000	24,850	10.00	Transfer of shares
	May 11, 2007	338,000	-	Allotment of Bonus Shares
	January 30, 2009	317,850	10.00	Pursuant to Scheme of amalgamation
	September 11, 2009	418,860	-	Allotment of Bonus Shares
	Total	1,116,960		

4. Promoters Contribution and Lock-in

The following shares held by Promoters are locked-in as Promoters Contribution:

Name of Promoter	Date of allotment	No. of equity shares	Issue Price	% of pre-issue paid up capital	% of post issue paid up capital	Lock-in period
Mr. Vijay Bansal	[●]	[●]	[●]	[●]	[●]	3 years
Mr. Deepak Bansal	[●]	[●]	[●]	[●]	[●]	3 years
Total →		[●]		[●]	[●]	

All Equity Shares, which are being locked in are eligible for computation of Promoters contribution as per Regulation 33 of the SEBI ICDR Regulations and are being locked for 3 years in under Regulation 36(a) of the SEBI ICDR Regulations.

Our Promoters, Mr. Vijay Bansal and Mr. Deepak Bansal have, by a written undertaking, consented to have [●] equity shares held by them to be locked in as Promoters contribution for a period of three years from the date of allotment in this Issue and will not be disposed / sold / transferred by the promoters during the period starting from the date of filing the Draft Red Herring Prospectus with the Board till the date of commencement of lock-in period as stated in the Draft Red Herring Prospectus. The equity shares under the Promoters contribution will constitute [●]% of our post-issue paid up share capital. Our Promoters have also consented that the Promoters contribution under Regulation 33 of the SEBI ICDR Regulations will not be less than 20% of the post issue paid up capital of our Company.

The entire pre-issue shareholding of the Promoters, other than the Promoters contribution which is locked in for three years, shall be locked in for a period of one year from the date of allotment in this Issue.

Details of share capital locked in for one year

In terms of Regulation 36(b) and 37 of the SEBI ICDR Regulations, in addition to the Promoters contribution which is locked in for three years, as specified above, the entire pre-issue equity share capital constituting [●] equity shares shall be locked in for a period of one year from the date of allotment of Equity shares in this Issue. The securities which are subject to lock-in shall carry inscription 'non-transferable' along with the duration of specified non-transferable period mentioned in the face of the security certificate. The shares which are in dematerialized form shall be locked-in by the respective depositories.

Other requirements in respect of lock-in:

- In terms of Regulation 39 of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoters, as specified above, can be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan.
Provided that securities locked in as minimum promoters' contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or institution, for the purpose of financing one or more of the objects of the Issue.
- In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 36 or 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
- Further in terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Issuer subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

5. Our Shareholding Pattern

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue:

Category of Shareholders	Pre-Issue Holding		Post-Issue Holding	
	No. of shares	% of holding	No. of shares	% of holding
Promoters & Promoter Group				
Promoters				
Mr. Vijay Bansal	4,775,947	55.86	4,775,947	[●]
Mr. Deepak Bansal	1,116,960	13.06	1,116,960	[●]
Sub total (A)	5,892,907	68.92	5,892,907	[●]
Promoter Group				
Ms. Sushila Bansal	2,542,603	29.74	2,542,603	[●]
Vijay Bansal HUF	113,840	1.33	113,840	[●]
Ms. Swati Gupta	160	0.00	160	[●]
Sub-total (B)	2,656,603	31.07	2,656,603	[●]
Total Promoters holding (C) = (A) + (B)				
Others				
Mr. Anil Bansal	160	0.00	160	[●]
Mr. Pramod Garg	160	0.00	160	[●]
Total Others (D)	320	0.00	320	[●]
Public Issue (E)	-	-	[●]	[●]
Grand Total (C) + (D) + (E)	8,549,830	100.00	[●]	100.00

6. Equity Shares held by Top Ten Shareholders

- (a) Our shareholders and the number of Equity Shares of Rs. 10 each held by them as on the date of filing this Draft Red Herring Prospectus with SEBI is as follows:

S. No.	Name of the Shareholders	No. of Equity Shares	% of total Shareholding
1	Mr. Vijay Bansal	4,775,947	55.86
2	Ms. Sushila Bansal	2,542,603	29.74
3	Mr. Deepak Bansal	1,116,960	13.06
4	Vijay Bansal HUF	113,840	1.33
5	Ms. Swati Gupta	160	0.00
6	Mr. Anil Bansal	160	0.00
7	Mr. Pramod Garg	160	0.00
	Total	8,549,830	100.00

- (b) Our shareholders and the number of Equity Shares of Rs. 10 each held by them 10 days prior to date of filing this Draft Red Herring Prospectus with SEBI is as follows:

S. No.	Name of the Shareholders	No. of Equity Shares	% of total Shareholding
1	Mr. Vijay Bansal	4,775,947	55.86
2	Ms. Sushila Bansal	2,542,603	29.74
3	Mr. Deepak Bansal	1,116,960	13.06
4	Vijay Bansal HUF	113,840	1.33
5	Ms. Swati Gupta	160	0.00
6	Mr. Anil Bansal	160	0.00
7	Mr. Pramod Garg	160	0.00
	Total	8,549,830	100.00

- (c) Our shareholders and the number of Equity shares of Rs. 10 each held by them two years prior to date of filing of this Draft Red Herring Prospectus with SEBI is as follows:

S. No.	Name of the Shareholders	No. of Equity Shares	% of total Shareholding
1	Mr. Vijay Bansal	2,555,460	58.50
2	Ms. Sushila Bansal	1,351,224	30.93
3	Vijay Bansal HUF	81,090	1.86
4	Mr. Deepak Bansal	380,250	8.71
	Total	4,368,024	100.00

7. Our Promoter Group has not sold or purchased any shares of our Company during the period of six months preceding the date of this Draft Red Herring Prospectus except as under:

Date of transaction	Name of Seller	Nature of transaction	No. of shares	Consideration (in Rs.)	Name of Purchaser	Remarks
July 01, 2009	Mr. Vijay Bansal	Sell	100	1,000	Mr. Anil Bansal	For increasing the number of members to 7 (seven) pursuant to conversion of the Company
July 01, 2009	Mr. Vijay Bansal	Sell	100	1,000	Ms. Swati Gupta	
July 01, 2009	Mr. Vijay Bansal	Sell	100	1,000	Mr. Pramod Garg	
August 13, 2009	Vijay Bansal HUF	Sell	70,000	700,000	Mr. Vijay Bansal	Transfer of shares from HUF to individual
September 11, 2009	Mr. Vijay Bansal	Purchase	250,000	2,500,000	NA	Subscription of shares

8. Our Promoter Group, Directors and their relatives have not financed the purchase by any other person of the equity shares of our Company during the period of six months immediately preceding the date of filing of Draft Red Herring Prospectus with the Board.
9. As on the date of filing of this Draft Red herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which would entitle Promoters or shareholders or any other person any option to acquire our Equity Shares after the Initial Public Offer.
10. The following shares were issued by our Company during the last 12 months at a price lower than the Issue Price:

Date	No. of shares issued	Consideration	Allotment Price	Name of allottees	Remarks
January 30, 2009	109,807	Other than Cash	10	Mr. Vijay Bansal	Pursuant to the Scheme of amalgamation
	317,850	Other than Cash	10	Mr. Deepak Bansal	
	237,903	Other than Cash	10	Ms. Sushila Bansal	
	60,060	Other than Cash	10	Vijay Bansal HUF	
September 11, 2009	250,000	Cash	20	Mr. Vijay Bansal	Preferential allotment to meet the fund requirement of funds of the Company
September 11, 2009	1,790,980	Bonus	Nil	Mr. Vijay Bansal	Issue of shares as fully paid up bonus shares
	418,860	Bonus	Nil	Mr. Deepak Bansal	
	953,476	Bonus	Nil	Ms. Sushila Bansal	
	42,690	Bonus	Nil	Vijay Bansal HUF	
	60	Bonus	Nil	Mr. Anil Bansal	
	60	Bonus	Nil	Ms. Swati Gupta	
	60	Bonus	Nil	Mr. Pramod Kumar Garg	

11. As on the date of this Draft Red Herring Prospectus, the issued capital of our Company is fully paid up.

12. The Equity Shares held by the Promoters are not subject to any pledge.
13. Neither we nor our Directors, our Promoters, Promoter Group Entities and the BRLM to the Issue have entered into any buyback and / or standby arrangements and / or similar arrangements for the purchase of our Equity Shares from any person.
14. The BRLM and their associates are not holding any equity shares in our Company as on the date of filing of Draft Red Herring Prospectus with the SEBI.
15. This issue is being made through 100% Book Building process wherein atleast 50% of the Issue i.e., [●] Equity Shares shall be allotted on a proportionate basis to QIBs, out of which 5%, i.e. [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining QIB portion shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If atleast 50% of the Net Issue cannot be allocated to QIBs, then the entire subscription money will be refunded forthwith. Further, upto 15% of the Issue, i.e., [●] Equity Shares shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the Issue, i.e., [●] Equity Shares 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.
16. Under subscription, if any, in Retail and Non-Institutional Category would be met with spill-over from other categories or a combination of categories. Such inter-se spill over, if any, would be affected in accordance with applicable laws, regulations and guidelines. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis.
17. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue and not exceeding the maximum limit of investment prescribed under relevant laws applicable to each category of bidder.
18. Our Company has not raised any bridge loan against the proceeds of the Issue.
19. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of this Draft Red Herring Prospectus until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.
20. Our Company does not presently intend or propose to alter its 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. This is except if we enter into acquisition or joint ventures or make investments, in which case we may consider raising additional capital to fund such activity or use Equity Shares as a currency for acquisition or participation in such joint ventures or investments.
21. Except the following, we have not issued any shares for consideration other than cash:

Date of allotment	No. of shares allotted	Nature of allotment	Particulars
May 11, 2007	3,882,688	Bonus	Issued in the ratio of 8:1 by utilizing accumulated profits lying to the credit of Profit & Loss account
January 30, 2009	725,620	Pursuant to Scheme of amalgamation	Issued pursuant to the Scheme of amalgamation of Cantabil International Private Limited with Cantabil Retail India Limited
September 11, 2009	3,206,186	Bonus	Issued in the ratio of 3:5 by utilizing accumulated profits amount lying to the credit of Profit & Loss Account

22. An over-subscription to the extent of 10% of the Net Offer to Public shall be retained for purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the basis of allotment.
23. Since the entire issue price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.
24. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
25. We do not have any Employees Stock Option Scheme or Employees Stock Purchase Scheme.
26. We have 7 shareholders on the date of filing of the Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

The Objects of the Issue are to raise funds for:

1. Establishment of new integrated manufacturing facility
2. Expansion of Exclusive Brand Outlets
3. Additional Working Capital
4. Repayment of Debt
5. General Corporate Purposes
6. Expenses for the Issue

We believe that listing will enhance our brand name and create a public market for our equity shares. The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

Requirement of Funds

The total estimated funds requirement is given below:

Particulars	Amount (Rs. Million)
Establishment of new manufacturing facility	316.34
Expansion of our Retail network	249.75
Additional Working Capital	300.00
Repayment of Debt	200.00
General Corporate Purposes	[•]
Expenses for the Issue	[•]
Total	[•]

Not more than 50% of the proceeds of issue would be deployed for acquiring intangible assets.

The fund requirement and deployment is based on our management estimates and has not been appraised by any bank/financial institution. The fund requirement above is based on our current business plan.

We operate in a highly competitive, dynamic market condition, and may have to revise our business plan from time to time. Consequently, our fund requirements and utilization of proceeds may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, at the discretion of our management, subject to the necessary approvals, and such rescheduling, if any, shall be within the objects of the Issue.

Means of Finance

The details of the means of finance are provided below:

Particulars	Amount (Rs. Million)
Proceeds of the Issue	1,050.00
Internal accruals#	[•]

will be incorporated at the time of filing of Prospectus.

In the event of a shortfall in raising the requisite funds from the proceeds of the Issue, towards meeting the objects of the Issue, the extent of the shortfall will be met by internal accruals. In case of any surplus of monies received in relation to the Issue, we may use such surplus towards further expansion and general corporate purposes. In case of variations in the actual utilization of funds earmarked for the purposes mentioned above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

Details of use of Issue Proceeds

1. Establishment of new integrated manufacturing facility

We intend to set up a new integrated manufacturing facility at Bahadurgarh, Haryana with total project cost of Rs 316.34 million. The new facility will enable us to expand our manufacturing and finishing capacities and thereby reduce our dependence on third parties. We also plan to consolidate certain of our existing manufacturing facilities in the proposed integrated complex. The capacity of our proposed facility is to be approx. 4 times of our existing manufacturing capacity. The detailed break-up of costs is outlined below

Rs in Million

Particulars	Estimated Cost
Land	53.81
Building and Civil Work	154.96
Plant & Machinery	87.19
Miscellaneous Fixed Assets – Office Equipments, Furniture & Fittings Hardware & Software, Vehicles etc.	10.28
Pre Operative Expenses & Contingency	10.10
TOTAL	316.34

We have not provided for margin of working capital as we propose to produce apparels in-house at new unit and reduce dependence on third party fabricators.

Land

We have been allotted 12150 sq. mtrs of land by Haryana State Industrial and Infrastructure Development Corporation (HSIIDC) vide letter dated August 21, 2008. The land is situated at plot No. 359, 360 & 361, Sector-4B, Industrial Estate Bahadurgarh and the cost of land is Rs 48.60 million plus interest @ 11% for the installment period. Out of total payable cost of Rs 53.8 million, so far we have paid Rs 17.01 million from internal sources and the remaining amount is to be repaid in installments. The possession of the land will be taken by us by December 2009.

Civil Work & Building

As per the quotations received from Base Architects, the total cost for civil work and building is estimated to be Rs 154.9 million. The estimates relate to the construction of basement, ground floor, first floor of working hall and an administrative block on the second floor. The construction will be of RCC work and Kota stone flooring. The costing includes expenditure on flooring, roofing, walls, sanitary fittings, electrical fittings and pavements etc.

Plant & Machinery

We have finalized the details of machinery required for our proposed facility. The total cost of plant and machinery is estimated at Rs 87.19 million which is based on the quotations received from various vendors. No second hand machinery/equipment is intended to be purchased from the proceeds of the issue. The details of the machinery/equipments to be purchased are outlined below.

S. No.	Description/Type	Model/Make	Name of Supplier/ Vendor	Date of Quotation	Quantity	Total Amount (Rs in Million)
1.	Single Needle Lockstitch flat bed machine	Juki Brand	India Industrial Garment Machine Pvt Ltd (IIGM)	September 18, 2009	1252	19.28
2.	Class Feed of the arm machine	Juki Brand	IIGM	September 18, 2009	16	2.06
3.	Button hole sewing machine	Juki Brand	IIGM	September 18, 2009	20	2.99
4.	Chain and button stitching machine	Juki Brand	IIGM	September 18, 2009	20	2.22

5.	Button stitch machine	Juki Brand	IIGM	September 18, 2009	20	4.73
6.	Automatic Pocket welting machine	Juki Brand	IIGM	September 18, 2009	3	4.13
7.	Fusing Machine	Hashima	IIGM	September 18, 2009	4	0.51
8.	Power driven cloth cutting machine	Eastman	IIGM	September 18, 2009	4	0.24
9.	Placket making machine	Kansai Brand	IIGM	September 18, 2009	8	0.50
10.	Safety stitch machine	Juki Brand	IIGM	September 18, 2009	32	1.30
11.	Bartacking machine	Juki Brand	IIGM	September 18, 2009	20	3.72
12.	Single needle lockstitch machine	Juki Brand	IIGM	September 18, 2009	96	3.89
13.	Three needle flat bed machine	Kansai Brand	IIGM	September 18, 2009	8	0.69
14.	Belt loop making machine	Kansai Brand	IIGM	September 18, 2009	16	1.01
15.	Waist band attaching machine	Kansai Band	IIGM	September 18, 2009	12	0.76
16.	Class Feed of the arm industrial sewing machine	Juki Brand	IIGM	September 18, 2009	8	1.46
17.	CAD machine	Gerber	IIGM	September 11, 2009	2	1.70
	TOTAL					51.18
	VAT @ 4%					2.05
	TOTAL (A)					53.23
18.	Fabric Inspection Machine	RFI 01	Ramsons Garment Finishing Equipments (P) Ltd	September 11, 2009	3	0.48
19.	Vacuum Ironing Table		Ramsons	September 10, 2009	75	2.06
20.	Body Press (Legger)	RBP 511	Ramsons	September 10, 2009	5	1.63
21.	Body Press (Topper)	RBP 502	Ramsons	September 10, 2009	5	1.38
22.	Trouser Topper	8731	Ramsons	September 10, 2009	5	1.48
23.	Steam Press	2128	Ramsons	September 10, 2009	24	0.19
24.	Manual Press		Ramsons	September 10, 2009	150	0.21
	TOTAL					7.42
	Excise Duty, Cess and VAT					0.77
	TOTAL (B)					8.19
27.	Generator Set 1010 KVA	KTA 38-G5	Sudhir Gensets	September 16, 2009	2	19.00

	Excise duty @8.24%					1.57
	TOTAL (C)					20.57
28*	Computerized Embroidery (12 Head 9 colour) machine	Barudan BEVY-Y912F JY 5.9 million	India Industrial Garment Machine Pvt Ltd (IIGM)	September 11, 2009	1	2.95
29*	Computerized Embroidery (6 Head 9 colour) machine	Barudan BEVY-Y906 JY 4.5 million	India Industrial Garment Machine Pvt Ltd (IIGM)	September 11, 2009	1	2.25
	TOTAL (D)					5.20
	TOTAL (A+B+C+D)					87.19

* These machines are proposed to be imported. The conversion rate has been taken at 1 JY (Japanese Yen) = Rs 0.50.

Miscellaneous Fixed Assets

We need to incur expenditure on other fixed assets as well like office equipment, furniture & fittings, vehicles for transportation purposes and also on hardware and software. The cost of miscellaneous fixed assets is estimated at Rs 10.29 million as per the quotations received. The below mentioned table lists the estimates for miscellaneous fixed assets:

Item	Model/Make	Name of Supplier	Quotation Date	Quantity	Total Amount (Rs in Million)
Computer Hardware & Software					
Servers, Server Rack and UPS	IBM system, UPS	Sterling Infoways Pvt. Ltd.	September 23, 2009	1 set	0.51
Windows Office	Microsoft Office Enterprise 2007	Sterling Infoways Pvt. Ltd.	September 23, 2009	21	0.51
Desktop, UPS and Operating System	Lenovo/APC UPS 500 VA/Windows XP Professional	Mayanks IT Solution Pvt. Ltd.	September 1, 2009	20	0.62
Hardware & Printers	WINZIP/D-Link/Trend Micro SMB	Comnet Infotech	September 23, 2009		0.18
Security & Backup Devices	IBM TAPE Drive & others	Mayanks IT Solution Pvt. Ltd.	July 27, 2009	1	0.33
TOTAL					2.15
VAT @ 4%					0.09
TOTAL (A)					2.24
Vehicles	SFC CAB	Pascos	September 15, 2009	1	0.52
	Tata Starbus 37 STR CNG	Pascos	September 15, 2009	1	1.30
TOTAL (B)					1.82
Furniture & Fixtures (C)	@ Rs 1000 sq. ft. for 5000 sq. ft.	Rahis Ahmad	September 12, 2009		5.00

Air Conditioner (including installation & taxes) (D)	Blue Star DSA 1001 AS	Kelvin Sales	September 15, 2009	5	1.22
TOTAL (A+B+C+D)					10.28

Orders for plant & machinery and miscellaneous fixed assets have not been placed.

Pre-operative Expenses and Contingency

A provision for pre-operative expenses and contingency at 4% of the entire capital cost excluding cost of land (already acquired) amounting to Rs 10.10 million has been provided,

Schedule of Implementation

Activity	Commencement Date	Expected Date of Completion
Purchase of Land	Already Allotted	Possession by December 2009
Civil Work & Factory Building	March 2010	March 2011
Placement of orders for Plant & Machinery	November 2010	February 2011
Delivery of Plant & Machinery	February 2011	March 2011
Installation & Commissioning	April 2011	May 2011
Commencement of Production	May 2011	

Till August 31, 2009 we have spent Rs. 17.03 millions towards payment of installment of land purchased..

2. Expansion of Exclusive Brand Outlets (Rs 249.75 million)

We manufacture apparels for men, women and children which are retailed to customers through our retail outlets under the brands CANTABIL & La FANSO. Currently, we have 381 outlets as on August 31, 2009 across India which are either owned by us and managed by Managing Franchisees or owned and operated by franchisees.

To promote our brands further and to meet the need for growth as the market expands, we intend to open 180 exclusive brand outlets (EBOs) for our brands by March 2011. The proposed EBOs will be owned/taken on lease by us and managed by franchisee. Our company shall finalize the premises, execute the lease /leave and license agreements, pay security deposit, undertake furnishing & interiors and appoint staff as per the requirements.

These outlets are planned in 3 categories - Family outlets which will be mega stores with an average area of 3000 sq. ft., large stores with an average area of 1500 sq. ft. and studio outlets with an average area of 500 sq. ft.

Rs in Million							
Outlet Category	Average Area (Sq ft.)	No. of Stores	Rent per sq. ft. (Rs)	Cost of Interiors per sq. ft. (Rs)	Miscellaneous & Contingencies (Rs per sq. ft.)	Investment per Store	Total Investment
CANTABIL							
Family Stores (Mega)	3000	10	150	1000	50	4.5	45.00
Large Stores	1500	50	200	1000	50	2.48	123.75
Studio Stores	500	70	100	1000	50	0.68	47.25
La FANSO							
Studio Stores	500	50	100	1000	50	0.68	33.75

The deposits have been estimated at 3 months rent. The cost of interiors is estimated @ Rs 1,000 sq ft. The interiors will include flooring, furniture, air conditioners, electric fittings, computers and sign boards etc. The break-up of total estimated investment of Rs 249.75 million for the setting up of chain of outlets is given below

Particulars	Estimated Cost (Rs in Million)
Security Deposit	76.50
Interiors & miscellaneous	165.00
Miscellaneous & Contingencies	8.25

The Year-wise break-up

Year	Family Outlets	Large Outlets	Studio Outlets	Total
2009-10	2	10	24	36
2010-11	8	40	96	144

We have so far identified 5 locations for the planned outlets. The name of the cities where we have identified the space for our outlets are Nasik, Jamshedpur, Varanasi, Jodhpur and Vijaywada.

3. Additional Working Capital

As we are in the business of garment manufacturing and retailing, we have to maintain adequate inventory during all times. Presently, we have sanctioned working capital limits of Rs 410.00 million. The additional working capital requirements as per our proposed expansion plans amount to Rs 300 million. We have estimated our working capital requirements till 2010-2011.

The working capital requirement is estimated as under:

Particulars	2008-09	2010-11
Current Assets		
Inventories	568.46	1212.98
Sundry Debtors	306.42	583.33
Cash & Bank balances	9.44	100.00
Loans & Advances	137.19	300.00
Total Current Assets	1021.51	2196.31
Current Liabilities and Provisions		
Sundry Creditors	228.91	490.21
Security Deposits	257.37	250.00
Provisions and other current liabilities	76.17	233.00
Total Current Liabilities	562.46	973.21
Total Working Capital Gap	459.05	1223.10
Working Capital facilities from Banks	349.49	300.00
Requirement of Additional Working Capital	109.56	923.10
Internal Accruals		623.10
Proceeds from the Issue		300.00

The Working capital assessment is made on the basis of following assumptions:

Particulars	Existing Period (in months)	Estimate (in months)
Raw Material Holding Period	1.16	1.00
WIP Holding Period	5.20	4.25
Closing Stock Holding Period	1.83	1.50
Debtors Turnover Period	2.68	1.75
Creditors Turnover Period	2.70	2.50

4. Repayment of Debt

We intend to utilize up to Rs 200 million out of the net proceeds of the issue towards the prepayment of secured debt. Presently, we have outstanding secured loans of Rs 510.94 million as on August 31, 2009 on account of term loans and working capital from Axis Bank Ltd. And Standard Chartered Bank Ltd.. For details of our borrowings outstanding as on August 31, 2009, please refer to section titled “Financial Indebtness” on page No. [●] of this DRHP. The repayment of debts will reduce our financial expenses and thus improve our profitability.

5. General Corporate Purposes

We intend to deploy the balance Issue proceeds aggregating Rs. [●] Million, towards the general corporate purposes, including but not restricted to entering into brand building exercises and strengthening our marketing capabilities or contingencies in ordinary course of business which may not be foreseen or any other purposes as approved by our Board of Directors. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. However, not more than 25% of the proceeds of issue would be deployed for the General Corporate purposes.

6. Expenses for the Issue

The Issue related expenses consist of underwriting fees, selling commission, fees payable to BRLM to the Issue, Legal Counsel, Escrow Collection Banks and Registrars to the Issue, printing and distribution expenses, advertising and marketing expenses, depository fees, and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. We intend to use about Rs. [●] Million towards these expenses for the Issue. All expenses with respect to the Issue will be borne out of Issue proceeds.

Particulars	Amount Rs. Million	% of Issue Size	% of Issue Expenses
BRLM / Syndicate member fee	[●]	[●]	[●]
Underwriting & Selling Commission	[●]	[●]	[●]
Advertising & Marketing expenses	[●]	[●]	[●]
Registrar Fee	[●]	[●]	[●]
Printing, Stationary, Dispatch	[●]	[●]	[●]
Other expenses (including listing fee, SEBI filing fee, Legal Counsel fee, IPO Grading fee, Depository charges, Auditor's fee, etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

Estimated Schedule of Deployment of Funds

As estimated by our management, the entire proceeds received from the issue would be utilized in the financial year 2010-11.

Deployment of Funds in the Project

We have incurred Rs. 18.18 Million upto August 31, 2009 towards objects of the issue which has been certified by Suresh & Associates, our Statutory Auditors, vide their certificate dated September 23, 2009. The same has been incurred towards purchase of land (Rs. 17.03 millions) and payment of issue related expenses (Rs. 1.15 millions) and have been financed through internal accruals and the amount has been spent towards public issue expenses.

Appraisal

The funds requirement and funding plans are our own estimates and have not been appraised by any Bank / Financial Institution.

Interim Use of Proceeds

Pending utilization of the proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks and other investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Monitoring of Utilization of Funds

There is no requirement for appointment of an independent monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. Pursuant to Clause 49 of the listing agreement, the Audit Committee of our Board will monitor the utilization of the proceeds of the Issue.

We shall, on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our balance sheet till such time the proceeds of the Issue have been utilised, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the proceeds of the Issue have been utilised, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Key Management Personnel or Promoter Group Entities, except in the normal course of our business as disclosed under section titled “Interest of Promoters / Directors” and “Interest of Key Managerial Personnel” on page [●] and [●] of this Draft Red Herring Prospectus.

ISSUE STRUCTURE

The present Issue of [●] Equity Shares, at a price of Rs. [●] for cash aggregating Rs. 1,050 million, is being made through the 100% Book Building Process.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Atleast [●] equity shares or Issue less allocation to Non-Institutional Bidders and Retail Bidders	Upto [●] equity shares or Issue less allocation to QIB Bidders and Retail Individual Bidders	Upto [●] equity shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Issue Size available for allocation	Atleast 50% of the Issue (of which 5% shall be available for allocation for Mutual Funds) or Issue less allocation to Non-Institutional Bidders and Retail Bidders. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund portion will be available to remaining QIBs.	Upto 15% of the Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders	Upto 35% of the Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) Upto [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) Balance [●] Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid / Bid lot	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid / Bid lot	Such number of equity shares not exceeding the Issue, subject to regulations as applicable to the Bidder.	Such number of equity shares not exceeding the Issue subject to regulations as applicable to the Bidder.	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Allotment lot	[●] equity shares and in multiple of 1 equity share thereafter	[●] equity shares and in multiple of 1 equity share thereafter	[●] equity shares and in multiple of 1 equity share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply**	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral & bilateral	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million and National Investment Fund set up by Resolution No. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gaxette of India.		value.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the syndicate.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the syndicate.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the syndicate. ***
Margin Amount	Atleast 10% of the bid amount on bidding	100% of the bid amount on bidding	100% of the bid amount on bidding

* Subject to valid bids being received at or above the Issue Price. Under subscription, if any, in any category other than QIB Portion, would be met with spill-over from other category. Such inter-se spill over, if any, would be affected in accordance with applicable laws, regulations and guidelines. If atleast 50% of the Net Issue cannot be allocated to QIBs, then the entire subscription money will be refunded forthwith.

Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis

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

*** In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered by way of Book Building.

Investors should read the following summary along with the section titled “Risk Factors” beginning on page [●] and section titled “Financial Statements” beginning on page [●] of this DRHP. The trading price of the equity shares of the Company could decline due to these factors and you may lose all or part of your investment.

Qualitative Factors

Our following strengths help us to complete successfully in our industry:

- Value Proposition and Understanding the Consumers
- Strong In-House Design & Research team
- Exclusive Brand Outlets
- Personal Relationship at the Outlet Floor
- Apparel range catering to wide customer base
- In-house integrated Capacity
- Strong Management Team with Industry Specific Experience
- Strong IT Infrastructure
- Commitment to quality

For details on the qualitative factors which form the basis for computing the price, please see the section titled “Our Business” beginning on page [●] of this document.

Quantitative Factors

Information presented in this section is derived from the company’s restated financial statements for the period ended March 31, 2009 prepared in accordance with Indian GAAP. The quantitative factors, which form the basis for computing the price, are as follows:

1. Weighted average Earning Per Share (Basic)

Period	EPS (Rs)	Weight
Year ended 31 st March, 2007	6.73	1
Year ended 31 st March, 2008	6.56	2
Year ended 31 st March, 2009	12.20	3
Weighted Average EPS	9.41	

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

		At the lower Band of Rs. [●]	At the upper Band of Rs. [●]
a)	Based on weighted average EPS	[●]	[●]
b)	Based on EPS as on March 31, 2009	[●]	[●]
c)	Industry PE Multiple:		
	Highest (Trent)		62.60
	Lowest (Abhishek Industries)		3.70
	Average		25.10

Source: Capital Market Vol. XXIV/15 dated September 21-October 04, 2009, Industry: Textiles – Products

3. Return on Net Worth

Year	RONW%	Weight
Year ended 31 st March, 2007	59.62	1
Year ended 31 st March, 2008	32.84	2
Year ended 31 st March, 2009	41.98	3
Weighted Average	41.87	

Minimum Return on total Net Worth after issue needed to maintain pre-issue EPS of Rs. [●] is [●].

4. Net Asset Value per Equity Share

Particulars	NAV (Rs)
As on March 31, 2009	29.06
After the Issue	[●]
Issue Price	[●]

5. The accounting ratios of selected companies in the Industry Group

Name of the Company	Face Value (Rs.)	EPS (Rs.)	P/E	RONW%	NAV (Rs.)
Cantabil Retail India Limited (As on March 31, 2009)	10	12.20	[●]	41.98	29.06
Kewal Kiran Clothing Limited	10	10.9	11.9	9.7	122.7
Koutons Retail India Limited	10	26	12.9	26.6	139.2
Provogue India Limited	2	2.3	29.6	5.8	59.2
Zodiac Clothing Company Limited	10	16.9	17.6	13	140.3

Source: Capital Market Vol. XXIV/15 dated September 21-October 04, 2009, Industry: Textiles – Products

The Issue Price is [●] times of the face value of the Equity Shares.

The issue price of Rs. [.] per Equity Share has been determined by us in consultation with the BRLMs, on the basis of assessment of market demand for the offered securities by way of Book Building process and is justified based on the above accounting ratios. Investor should read the following summary along with the section titled “Risk Factors” beginning on page [●], “Financial Statement” beginning on page [●] and the “Summary of Business, Strengths and Strategies” beginning on page [●] of this DRHP.

STATEMENT OF TAX BENEFITS**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND IT SHAREHOLDERS**

To
The Board of Directors
Cantabil Retail India Ltd.
B-47, Lawrence Road Industrial Area
New Delhi - 110035

Dear Sirs,

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders, of the Company under the Income tax Act, 1961 (provisions of Finance Act, 2009) and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on the business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For Suresh & Associates
Chartered Accountants

Suresh K. Gupta
Partner
Membership No.80050
Dated- 23.09.2009

STATEMENT OF TAX BENEFITS AVAILABLE TO CANTABIL RETAIL INDIA LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

1. BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 ("THE ACT"):

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

1.1 Dividends Exempt Under section 10 (34)

Under section 10 (34) of the act, Company will be eligible for exemption of income by way of dividend from domestic Company referred to in section 115-0 of the Act.

1.2 Income from Units of mutual Fund exempt under section 10 (35)

The Company will be eligible for exemption of income received from units of mutual funds specified under section 10 (23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of section 10 (35) of the Act.

1.3 Computation of Capital Gains and its tax treatment

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding of shares in a Company, listed securities or units of UTI or unit of Mutual Fund specified under section 10 (23D) will be considered as long term capital assets if they are held for period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "Long Term Capital Gains". Capital gains arising on sale of these assets held for 12 month or less are considered as "Short Term Capital Gains". Section 48 of the Act, which prescribes the mode of computation of Capital Gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Short Term Capital Gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

The Income arising from transfer of long term capital assets being an equity share in a company where transaction of sale is chargeable to securities transaction tax, to a company is exempt u/s 10(38) of the Act. However, such income shall be taken into account in computing the book profit tax payable under section 115JB of the Act. Further as per the provisions of section 112 (1) (b) of the Act, long term gains as computed as per preceding para, which are not exempt under section 10 (38) of the Act, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112 (1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess), at the discretion of assessee. However, as per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sales is chargeable to Securities Transaction Tax ("STT") shall be subject to tax at a rate of 15 percent (plus applicable surcharge and education cess).

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10 (38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within Six month from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of Three years from the date of their acquisition, the

amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

1.4 Other specified deductions

Subject to the fulfillment of condition, the Company will be eligible, inter-alia, for the following specified deductions in computing its business income:-

1.4.1 Section 35 (1) (i) and (iv) of the Act: in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.

1.4.2 Section 35 (1) (ii) and (iii) of the Act: in respect of any sum paid to a scientific research association which has as its object, the undertaking of scientific research or to any approved university, College or other institution to be used for scientific research or for research in social sciences or statistical scientific research.

1.4.3 Section 35 (1) (iia) of the Act: In respect of any sum paid to a company registered in India having its main object the scientific research and development and duly approved by the authority prescribed under the Act fulfilling the conditions prescribed under above section provided such sum is meant to be used for scientific research, the deduction of the amount equal to one and one fourth times of such sums shall be allowed.

1.4.4 Subject to compliance with certain conditions laid down in section 32 of the Act, the Company will be entitled to deduction for depreciation:

- a) In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income Tax Rules, 1962;
- b) In respect of any new machinery or plant which has been acquired and installed after 31st March 2005 by an assessee engaged in the business of manufacture or production of any article of thing, a further sum of 20% of the actual cost of such machinery or plant;

1.4.5 As per the provisions of section 32(2) of the Act, where full allowance cannot be given to the depreciation allowance in any year, the same can be carried forward and claimed in the subsequent years. Further, as per the provisions of section 72(2) of the Act, unabsorbed business losses which is not set off in any previous year can be carried forward and set off against the business profits of the subsequent assessment years. However, the carry forward and set off of the unabsorbed depreciation and business losses are subject to restrictions specified in section 10A, section 79 and section 80.

1.4.6 Under section 115JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year for which the MAT tax liability arises for payment.

2. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS:

2.1 Dividends exempt under section 10 (34)

Under section 10 (34) of the Act, income earned by way of dividend from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2.2 Income of a minor exempt up to certain limit

Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs. 1,500 per minor child.

2.3 Computation of capital gains

Capital assets may be categorized into short term capital asset and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of mutual fund specified under section 10 (23D) of the Act or zero coupon bond will be considered as long term capital assets if they

are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sales of these assets held for 12 months or less are considered as “short term capital gains”. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

As per provisions of section 112 (1) (b) of the Act, long term gains as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112 (1), if the tax on long long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceed the tax on long term capital gains computed @ 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess) at the discretion of assessee. However, as per provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 percent (plus applicable surcharge and education cess).

2.3.1 Exemption of capital gain from income tax

- a) Under section 10 (38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- b) According to the provisions of sections 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10 (38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only the part of capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified assets will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition the amount of capital gain exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- c) According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (‘HUF’), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

3. BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN FIIS AND FOREIGN VENTURE CAPITAL INVESTORS):

3.1 Dividends exempt under section 10 (34)

Under section 10 (34) of the Act, income earned by way of dividend from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

3.2 Computation of capital gains

Capital assets may be categorized into short term capital asset and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of mutual fund specified under section 10 (23D) of the Act or zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sales assets held for 12 months or less are considered as “short term capital gains”. Section 48 of the Act contains provisions in relation to computation of capital gains on transfer of shares of an Indian Company non-resident. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. Benefit of indexation of costs is not available in above case.

According to the provisions of section 112 of the Act, long term gain as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). In case investment is made in India Rupees, the long-term capital gain is to be computed after indexing the cost.

According to the provisions of section 112 of the Act, long term gain as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112 (1), if the tax on long term gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceed the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess) at the discretion of assessee. However, as per the provisions of section 111A of the Act, short-term capital gains of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 percent (plus applicable surcharge and education cess).

3.2.1 Capital gains tax - Options available under the Act

3.2.1 Where shares have been subscribed in convertible foreign exchange Option of taxation under chapter XII-A of the Act:

- a) Non-resident Indians [as defined in section 115C (e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of chapter xii-a of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an India Company acquired, purchased or subscribed to in convertible foreign exchange:
- b) According to the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian Company not exempt under section 10 (38), will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- c) According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset, if part of such net consideration is invested within the prescribed period of six months in any specified asset the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- d) As per the provisions of section 115G of the Act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their source of income is only investment income and / or long term capital gains defined in section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of chapter XVII-B of the Act.
- e) Under section 115H of the Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) and (v) of section 115C(f) for that year and subsequent assessment years until such assets are converted into money.
- f) As per the provisions of section 115-I 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 his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.2.2 Where the shares have been subscribed in Indian Rupees:

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed time to time. As per the provisions of section 112(1)(c) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

3.2.2 Exemption of capital gain from income tax

- a) Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- b) Accordingly to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- c) According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately for this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3.3 Provisions of the Act vis-à-vis provisions of the tax treaty

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

4. BENEFITS AVAILABLE TO OTHER NON-RESIDENT SHAREHOLDERS (OTHER THAN FIIS AND FOREIGN VENTURE CAPITAL INVESTORS):

4.1 Dividends exempt under section 10 (34)

Under section 10 (34) of the Act, income earned by way of dividend from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

4.2 Computation of capital gains

Capital assets may be categorized into short term capital asset and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of mutual fund specified under section 10 (23D) of the Act or zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sales assets held for 12 months or less are considered as “short term capital gains”.

Section 48 of the Act contains provisions in relation to computation of capital gains on transfer of shares of an Indian Company non-resident. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

According to the provisions of section 112 of the Act, long term gain as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). In case investment is made in India Rupees, the long-term capital gain is to be computed after indexing the cost.

As per the provisions of section 112 of the Act, long term gain as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112 (1), if the tax on long term gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceed the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess). Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess) at the discretion of assessee. However, as per the provisions of section 111A of the Act, short –term capital gains of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 percent (plus applicable surcharge and education cess).

4.3 Exemption of capital gain from income tax

- a) Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- b) Accordingly to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the notified bonds into money within a period of Three year from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the in which the bonds are transferred or converted into money.
- c) According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital term asset (not being a residential house) are not chargeable to tax if the entire net consideration

received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred

4.4 Provisions of the Act vis-à-vis provisions of the tax treaty

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

5. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS('FIIS'):

5.1 Dividends exempt under section 10 (34)

Under section 10 (34) of the Act, income earned by way of dividend from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

5.2 Taxability of capital gains

Under section 10 (38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT. The income by way of short term capital gains or long term capital gains [in case not covered under section 10 (38) of the Act] realized by FIIS on sale of the Company would be taxed at the following rates as per section 115AD of the Act-

- a) Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge and education cess).
- b) Short term capital gains, referred to under section 111A of the Act shall be taxed @ 10% (plus applicable surcharge and education cess).
- c) Long term capital gains @10% (plus applicable surcharge and education cess) (without cost indexation). It may be noted that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable. According to provisions of section 54EC of the Act and subject to the condition specified therein, long term capital gains not exempt under section 10(38) shall not chargeable to tax to the extent such capital gains are invested in certain notified bond within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the assessee transfers or converts the notified bonds into money within a period of Three year from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the in which the bonds are transferred or converted into money.

6. Benefits Available to Mutual Funds

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

7. Benefits Available to Venture Capital Companies/ Funds

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

8. Tax Treaty Benefits

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

9. Benefits Available under the Wealth-Tax Act, 1957

Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no wealth tax will be payable on the market value of shares of the company held by the shareholder of the company.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2009.
2. The stated benefits will be available only to the sole/ first named share holder in case the shares are held by joint holders.
3. 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 Issue.

INDUSTRY OVERVIEW

Data in this section has been sourced from the following:

Images Year Book 2009

Indian Retail Report 2009

Website of Central Statistical Organization – www.mospi.gov.in

Website of FICCI – www.ficci.com

Website of Department of Industrial Policy & Promotion – www.dipp.nic.in

Website of ASSOCHAM – www.assochem.org

Website of IBEF – www.ibef.org

Website of A.T. Kearney Global Retail Development Index – www.atkearney.com

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government bodies and industry websites/publications. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agencies.

Indian Economy

India's Economy seems to be taking shape of a new growth cycle with the country expanding by 5.8 % in the final quarter to March 2009. Growth in the services sector and pick up in agriculture enabled the over all growth rate to touch 6.7 %. At current prices, India's GDP measures USD 1.1 trillion (INR 49.33 trillion) for the year thus ensuring it remained a trillion dollar economy. The government with its inclusive growth agenda and continued thrust on infrastructure development and renewed interest in economic reforms can certainly sustain the growth momentum. As per the data released by CSO, the first quarter growth in FY 10 was 6.1%. The investment activity for the first quarter FY 10 has also remained buoyed with ratio of fixed investment to GDP at 31.6%.

As per the July 2009 report by FICCI on Indian Economy, the statistical data for May 09 depicts that the industry grew by 2.7% as compared to the growth of 4.4% posted in the corresponding month of the previous year. Barring six industry segments, most of the 17 manufacturing industry segments have shown positive trends with Textile products growing at a rate of 9.8% up from 8.7% growth in May 08. The FDI investment has also gone up from USD 34.36 billion in FY 07-08 to USD 35.17 billion in FY 08-09 as per provisional figures by RBI. The inflows for three months up to June 2009 were USD 7.02 billion. (Source: Department of Industrial Policy & Promotion, www.dipp.nic.in)

Indian Retail Sector – An Overview

Retail is a flourishing industry in India boosted by growing economic prosperity, with millions of middle class consumers enjoying a new affluence. In terms of numbers, the country provides the second best global opportunity for retail development. In the last five years, India has become a hot destination for the entry of global consumer brands and international business entities.

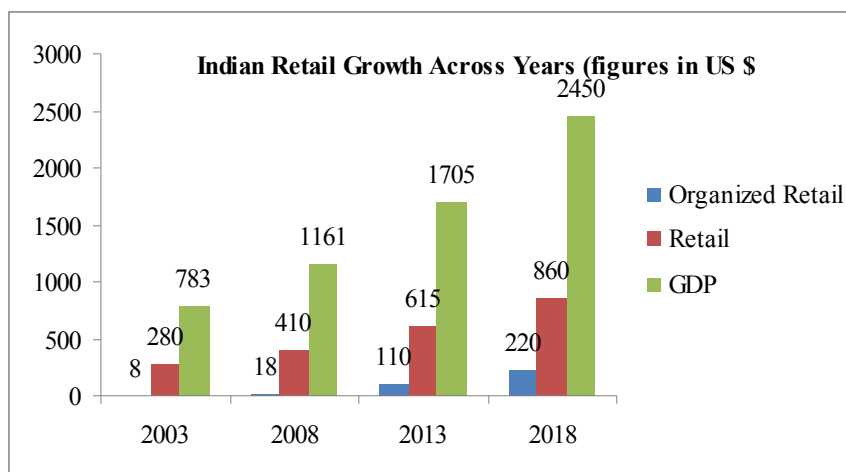
Despite the changing economics, the Indian consumer is shaping how modern retail grows. The change that is being witnessed is that the consumer is getting more conscious and is demanding more value for money. It has become important for retailers to understand the consumers and position one's retail stores accordingly.

The Indian retail market has been ranked the most attractive emerging market for investment followed by Russia and China in the retail sector by AT Kearney's eighth annual Global Retail Development Index (GRDI), in 2009. It has improved upon its second rank in 2008 when Vietnam led the pack. It indicates that India is still one of the most preferred destinations for retail among international investors.

2009 Rank	Country	GRDI Score
1	India	68
2	Russia	60
3	China	56
4	United Arab Emirates	56
5	Saudi Arabia	56
6	Vietnam	55
7	Chile	55
8	Brazil	53
9	Slovenia	52
10	Malaysia	51

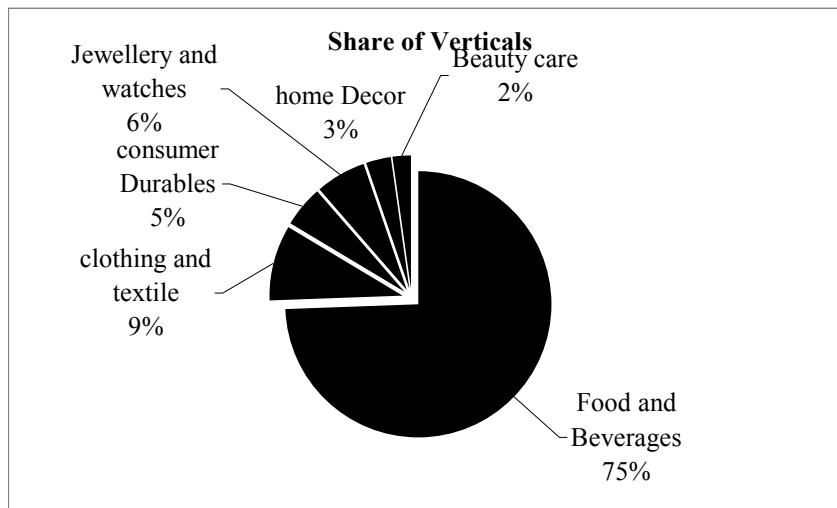
Source: The 2009 A.T. Kearney Global Retail Development Index

The Indian Retail market is estimated at about USD 410 billion and constitutes about 60% of private consumption and about 35% of India's GDP. With Indian GDP expected to grow at 7-8% in the next coming years, the retail market is expected to touch USD 860 billion by 2018. Currently, 100% FDI is allowed under the automatic route for Cash and Carry wholesale trading and export trading and 51% is allowed, with prior government approval, for retail trade in "Single-brand" products. The FDI in single-brand retailing has gone up from meager USD 2 million up to March 2008 to USD 32.16 million up till March 2009. Therefore, it augurs well for overall retail sector and as the government opens up the sector further it will only take strides forward.



Source: India Retail Report 2009

The organized retail in India is poised to grow at an astronomical pace over next few years. It is expected to grow from 5% to about 25% of the total retail market by 2018. Revenues from organized retail is expected to touch US\$220 billion in 2018.



Source: Images Yearbook 2009

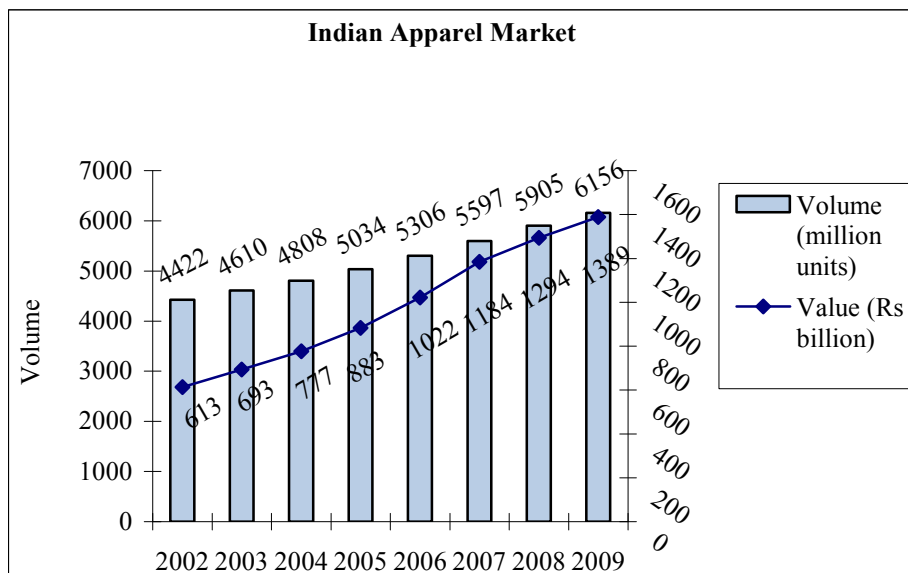
Indian Textile Industry

Textile industry is one of the most important industries in the Indian Economy both in terms of employment generation and contribution to GDP. It provides employment to about 91 million people (both directly and indirectly) in textile and allied activities and this figure is likely to reach approximately 105.39 million by 2012. This sector also contributes about 4 % in country's gross domestic production (GDP), 14 % of industrial production and over 13 % of the country's total export earnings.

(Source: ASSOCHAM Textile Scenario August 2009)

Indian Apparel Market

The domestic apparel retailing industry is estimated to be round US\$ 2.7 billion and in spite of recession is likely to grow at 5-7 per cent in 2009-10. The domestic organized garment retailing clocked a growth of 13-14 per cent for year ended March 2009. Clothing & Accessories segment dominates the organized retail sector contributing over 38 per cent of the organized retail pie. The stupendous growth of organized retail since 2004 has had a positive impact on apparel industry.

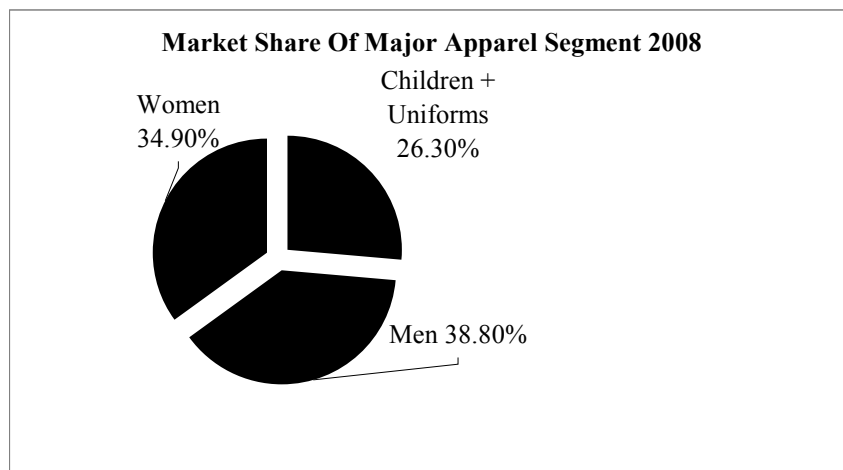


Source: Images Yearbook 2009

The Indian Apparel market in terms of volume has increased from 4422 million in 2002 to 5905 million in 2008 and is expected to touch 6156 million by 2009. However, in value terms, apparel market has been growing in double digits. At a CAGR of 12.39%, value sales have more than doubled from Rs 613 billion in 2002 to Rs 1294 in 2008 and is expected to reach Rs 1389 crore by 2009.

Apparel Segments

The Apparel market comprises three major segments – Menswear, Womenswear and Kidswear & uniforms. The break-up of each segment is presented below



Source: Images Yearbook 2009

Apparel Segments at a Glance

Menswear

Menswear is still the largest product category both in terms of volume and value. This segment is also better organized as compared to other categories. In 2007 the segment had volume growth rate of 5% and value growth rate of 13.9%. But in year 2008, the volume grew at the rate of 5.6% while the value growth rate fell at 8.7% only from Rs 408400 million to Rs 444000 million. Amongst the fastest growing categories were formal suits, jackets and blazers which grew at 9.9% over the FY 2007 and shirts which grew at 9.4%. Men's shirts constitutes the largest category with market size worth Rs 169230 million in 2008 followed by trousers at Rs 115750 million. Formal outerwear (Suits, Jackets and Blazers) is the next big men's wear category valued at Rs 40100 million followed by innerwears (Rs 33140 million), T-shirts (Rs 30570 million) respectively and others. The largest segment in terms of volume is for innerwear while shirts segment is a close second. The general pattern that is observed among all the segments is that premium and super-premium categories are the fastest growing signifying increasing brand consciousness amongst the consumers.

Womenswear

The women's wear segment comprises 31.7% share of the Indian apparel market in value terms, which is slightly less than 32% share, it contributed in 2007 and 2006. As compared to 5.7% volumes growth in 2007, the women's wear segment recorded 1676.50 million unit sales in 2008, growing only 4.2% over units sold in 2007. The market in 2008 was valued at Rs 410500 million, an annual growth of 8.3%. The largest sub-segment is the sarees contributing Rs 162420 million i.e. 39.5% of total sales value. Salwar-suits comprise the second largest category valued at Rs 100110 million and lingerie comes third at Rs 61960 million. Lingerie is the largest category in terms of sales volume with 537.30 million units. Here again as witnessed in men's wear, brand consciousness is exhibiting an upward trend as reflected by growing percentage increase in premium and super-premium categories.

Unisex Apparel

Unisex apparel comprises jeans wear, casual jackets/blazers, active sportswear, winter wear, and accessories like socks, ties, scarves. It grew by 5.6% in volume and 7.1% in value in 2008 over the previous year. The total market in 2008 is at Rs 116.20 billion with sales volume of 578.5 million units.

Kidswear and Uniforms

The total kidswear plus uniforms market is estimated at Rs 287900 million, which has shown a growth of 18.6% in 2008 over 2007. This market size also includes the Rs 115000 million uniform segment that saw an annual value growth of 23% over the previous year. Though this is a steadily growing market, yet considering the fact that 30% of the population is below 15 years of age and people tend to be more lavish in their spends on children, the existing market share leaves much more to be desired. The kids wear segment has grown at the rate of 10.10% in value terms, and 6.3% in volume terms in 2008, which is significantly higher growth rate than in 2007 as volume growth was only 4.36% in the previous year.

Growth Drivers for Retail Apparel Industry

Expansion of Ready-to-Wear Market

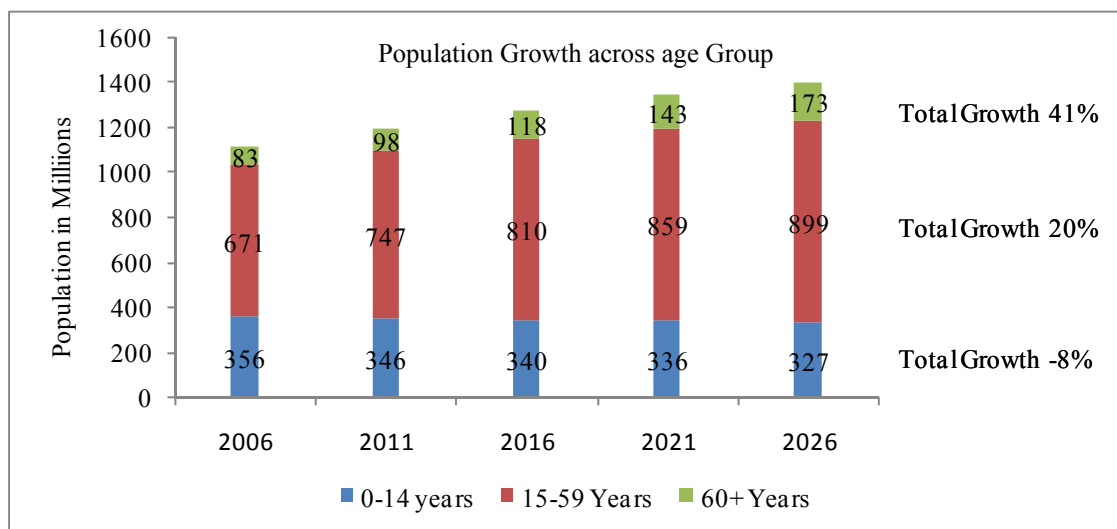
The market for readymade segment is rapidly expanding in India especially in menswear section. The preference of Indian consumers has also undergone a major shift as they just prefer to go out and buy rather than opting for stitching.

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.

Demographic Structure

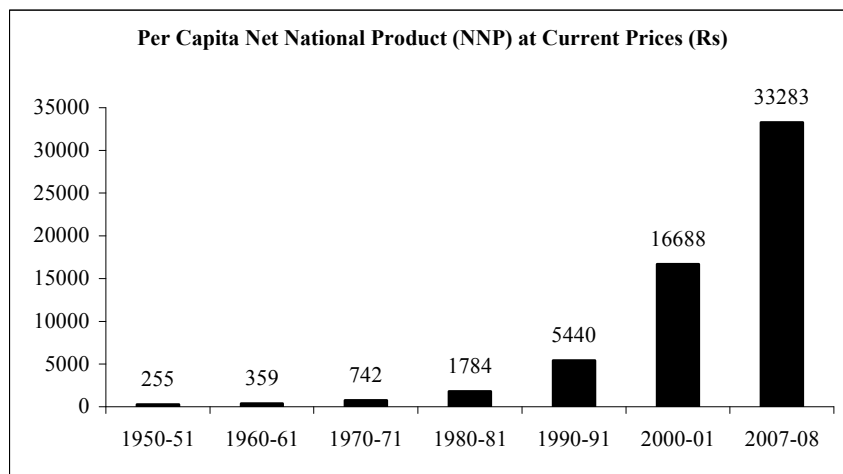
India is home to 17% of the world's population. Being one of the youngest countries in the world, it is tipped to have one of the largest work forces for years to come. At 24 years, it has the lowest median age of population in the world, with 50% of the population less than 25 years and 70% less than 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 freshers 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. One of the major reasons for the increased brands consciousness is the young population of India.

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 and service, 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

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 expectations of the consumers' everytime 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 lose 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 customers 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.

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. 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 apparel industry may face some tough time ahead.

Real Estate Costs

Realty costs in India have leapfrogged over the last few years. Although, there has been a correction, still the rates are high. Therefore, the retailers have to contend with high fixed costs and if they witness lower footfalls, the overall apparel market would impede.

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 steps 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.

Competition

There are about 25 major players operating branded apparel segments in India. The following is the details of major players and their major brands in the apparel retail industry.

Players	Brands
Raymond Limited	The Raymond Shop, Park Avenue
Arvind Brands Limited	Arrow, Lee
Provogue India Limited	Provogue
Gini & Jony Private Limited	Gini & Jony
ITC	John Players & Miss Players, Wills Lifestyle

Players	Brands
Madura Garments	Vanheusen, Trouser Town, Planet Fashion
Future Group	Pantaloons
Trent	Westside
Kewal Kiran Clothing Limited	Killer
Celebrity Fashion Limited	Indian Terrain
Koutons Retail India Limited	Koutons
Cantabil Retail India Limited	Cantabil & La FANSO

OUR BUSINESS

We are in the business of designing, manufacturing, branding and retailing of apparels under the brand names of “CANTABIL” and “La FANSO”. We have a network of 381 exclusive retail outlets (as of August 31, 2009) spread across India.

We started our garments manufacturing and retailing business in 2000 and opened our first Cantabil store on September, 2000 in New Delhi. The “CANTABIL” brand with 206 exclusive retail outlets offers the complete range of formalwear, party-wear, casuals & ultracausal clothing for Men, Women and Kids in the middle to high income group. In the last 9 years, “CANTABIL” has become a complete family wear brand with addition of women’s wear segment in 2007 and Kidswear segment in 2008. Sales from Cantabil brand has increased from Rs 730.07 million in fiscal year 2007-08 to Rs 1138.27 million in fiscal year 2008-09 and has contributed 82.91% of our total income in 2008-09. We launched our second brand “La FANSO” on 25th October 2008 and have 175 exclusive outlets. The “La FANSO” brand caters to men’s segment in lower to middle income group and focuses on casual, ultra casual and formal wear. We are also retailing various accessories like ties, belts, socks, caps and handkerchief under our brands.

Presently we have 3 in-house manufacturing / finishing units and 4 warehouses located in Delhi. We also have 3 third party dedicated units manufacturing exclusively for us. We have fabricating arrangements with 94 manufacturing units to which we outsource cutting and stitching. Our manufacturing and finishing facilities are sufficiently backed by facilities for product development, design, fabric testing to ensure quality apparels for our customers. We are setting up a garment washing unit at Sonipat at a cost of Rs 22.09 million, which is under advance stage of implementation and is slated to start operation by end of March 2010. In order to meet our growth plans and to reduce our dependence on third party fabricators, we are proposing to set up a large integrated manufacturing facility at Bahadurgarh. For details of our proposed project, see the section titled “Object to the Issue” beginning on page [●] of this DRHP.

As per our restated financial statements, our total revenues for the financial years ended March 31, 2009, 2008 and 2007, were Rs 1383.23 million, Rs 733.58 million and Rs 443.72 million respectively. For the financial years ended March 31, 2009, 2008 and 2007, our profit before tax was Rs 95.53 million, Rs 44.72 million and Rs 43.63 million respectively.

We have been promoted by Mr. Vijay Bansal who has over 20 years of experience in the garment and garment accessories industry. Today we are one of the known branded apparel manufacturers in the country. The details of our products and their sales in FY 2007-08 and FY 2008-09 are given below:

Products	Volume (No. of Pieces)	
	FY 2008- 2009	FY 2007- 2008
CANTABIL BRAND		
Menswear	1695874	1175863
Womenswear	150192	69066
Kidswear	29780	-
Accessories	147169	112566
TOTAL (A)	2023015	1357495
La FANSO BRAND		
Menswear	656180	87
Accessories	25980	-
TOTAL (B)	682160	87
TOTAL SALES	2705175	1357582

We have two chains of exclusive retail outlets under the brand name “Cantabil” and “La FANSO” which display and sell the respective brands exclusively. To enhance visibility and to ensure maximum footfalls, our stores are situated at malls and at prominent locations of the major metros, mini metros, large cities and other Tier II cities. Such metros and cities includes Delhi, Mumbai, Kolkatta, Bangalore, Hyderabad, Pune,

Jaipur, Ahmedabad, Vadodra, Lucknow, Kanpur, Patna, Ranchi, Dehradun, Meerut, Ludhiana, Jalandhar, Udaipur, Agra, Ghaziabad and Gurgaon etc.

Region wise break up of exclusive retail outlets (as on August 31, 2009)

Regions	Cantabil	La Fanzo
	No. of Stores	No. of Stores
North	112	119
South	9	0
East	18	7
West	61	47
Central	6	2
Total	206	175

The floor area on which our brands Cantabil and La FANZO are sold is 194990 sq ft and 98010 sq ft respectively.

We operate our outlets under two models either company owned & franchisee managed or franchisee owned & operated. The break up of the number of exclusive retail outlets under various models as on August 31, 2009

Company Owned/Leased and Franchisee Managed * (COFM)		Franchisee Leased/Owned, Franchisee Operated (FOFO)	
Cantabil	La Fanzo	Cantabil	La Fanzo
107	14	99	161

*These category of outlets, are owned/ taken on the lease by our company. However the control to manage is given to a franchisee who is preferably a local. The staff is ours and the franchisee is responsible for the overall operation of the outlet including sales. The franchisee is paid certain percent of commission on sales depending on the mutually agreed terms.

OUR STRENGTHS

We believe that the following are our principal competitive strengths, which differentiate us from other players in the apparel manufacturing and retailing industry:

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, styling or services. Understanding the customer is one of the most important skills required to be successful in our business. Our branded apparels are based on innovative designs relevant to Indian taste. Our promoters have over 20 years of experience in this field and understand the consumers' needs.

Strong In-House Design & Research team

Our design team understands that the design does not cover only the material product, but also creates an effect that is usually socio economic in nature. At ours, each season starts with "idea-seeds" that are planted in trials and proposals. The design and programming of product is carried out by the merchandising and designing department headed by our Director, Ms Swati Gupta, who is a NIFT graduate. We also have a team of professional designers recruited through renowned fashion institutions for understanding the colour, design and fashion forecasts for the fashion industry

Exclusive Brand Outlets

We operate on a model of marketing our apparels directly to consumers through a chain of EBOs of our brands "Cantabil" and La FANZO". We focus our strategies and efforts to provide quality apparels at affordable price. We promote and position our brands with innovative marketing and advertising campaign. This business model enables our Company to reach directly to our customers and understand their needs and requirements. EBOs help us in establishment of brand recall value with the customers. We have developed a wide network of exclusive brand outlets across metros, tier I and tier II cities in India.

Personal Relationship at the Outlet Floor

We have experienced that improved customer service provides a tremendous boost to sales. Handing over the decision making in customer service to our outlet managers have empowered them to understand the customer better and address their needs and woo them in order to increase brand retention.

Apparel range catering to wide customer base

We manufacture and market apparels ranging from sophisticated formalwear and party-wear to casuals, ultracasuals and contemporary clothing for Men's and formalwear and casual range for women and kids. Our apparel portfolio ranges from shirts, tops, trousers, suits, blazers, denims, T-shirts, pullovers, jackets, shorts, cargos and accessories like caps, belts, ties, socks etc. Majority of the products of our Company are targeted towards the customers in the age group from 20 - 45 years, which comprises 36.3% of the Indian population besides we are also expanding our Kidswear range for kids between 5-14 years who constitute 24.6% of the total population.

In-house integrated Capacity

We are an integrated apparel manufacturing and retail company with in-house capabilities for designing, sourcing of fabric and garment accessories, manufacturing and retailing of apparels. Our core competency lies in our designing and stringent quality control. We have a centralized purchasing system for sourcing of fabric directly from mills or from suppliers which helps us to reduce cost of inputs and maintain quality of fabrics.

Strong Management Team with Industry Specific Experience

We have strong management team with many years of hands on experience in the apparel industry. Our promoter directors Mr Vijay Bansal and Mr Deepak Bansal have an extensive experience in apparel and garment accessories industry. This understanding helps our top management in taking appropriate decisions.

We have also created a highly empowered team with industry specific knowledge in activities like cutting, stitching, washing and finishing for carrying out the day to day operations of our company. We have also created a team of managers in the second layers below top management. We strongly believe in regularly training our managerial and supervisory staff in their respective jobs.

Strong IT Infrastructure

We have successfully managed our growth by investing in infrastructure, including human and IT infrastructure. We being an apparel manufacturer and 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. Our head office thus maintains full control on all the stocks and sales on a daily basis. We are using Wizapp3S and SQL software to keep track of our retail operations and help in inventory control.

Commitment to quality

We strive to provide the best of quality with regard to fabric, garment accessories and have put in place stringent quality control systems to ensure high quality garments. We also have a system wherein customers if find any defects in our garments can replace them within 15 days of the purchase. We, therefore, never compromise and are fully committed to providing only quality products.

OUR GROWTH STRATEGIES

Enhance our presence across pan India

We intend to expand our presence both geographically and in terms of number of exclusive brand outlets. Fast developing smaller towns are currently under-served and there is a huge scope for our brands. We plan to have atleast 20% of our upcoming outlets in Tier II cities and towns. We have a strong foothold in Northern and western India which we want to consolidate further and intend to expand in southern and eastern India. We also seek to increase our business with our existing customers by offering them apparels that are in line with latest fashion trends at affordable prices. We also plan to experiment with different

styles through our Cantabil brand. Through our La FANSO brand we intend to introduce more products to cater to the mass segment in men's wear.

Strengthening our brands

We intend to invest in developing and enhancing recognition of our brands, through brand building efforts, communication and promotional initiatives such as advertisements in print media, hoardings, televisions, organizing events, participation in industry events, public relations and investor relations efforts. We will continue to sponsor/ participate at fashion shows and trade seminars.

Maintain Our Focus on Long-term Relationships

We as a Company follow a policy whereby we focus on building long term sustainable relationships with all the parties involved, be it suppliers, franchisees or customers. Most of our agreements with franchisees or lease deeds are on long term basis with an option to further extend the agreement as per the mutually agreed terms and conditions. We believe that there are significant business opportunities for additional growth with our existing customers as we diversify our product portfolio. Also, to further strengthen relations with our customers, we are considering to launch loyalty-based cards.

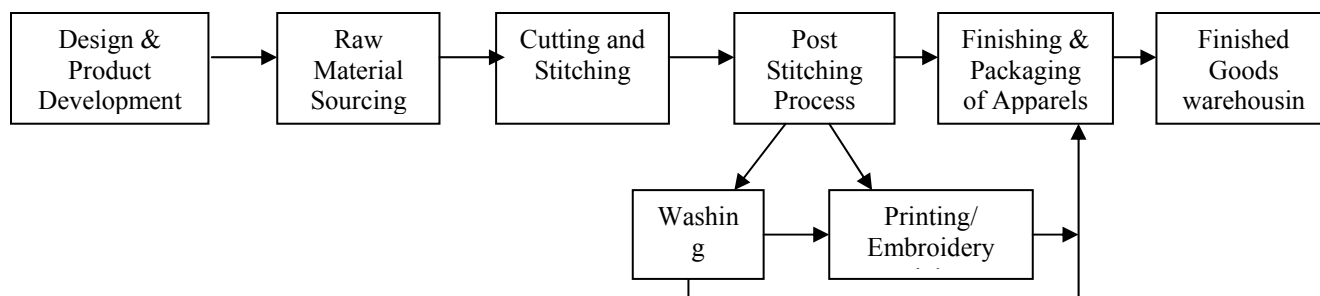
Enhancing manufacturing capacities

We are focusing to reinforce and increase our in-house manufacturing capabilities as it will decrease our dependence on third party fabricators and enable us to have better control on the quality of the apparel and the cost of manufacturing. At present we outsource washing from third parties. We are now setting-up a washing plant at Sonipat Industrial area in order to be self sufficient in washing process. As of August 31, 2009 we have in-house manufacturing capacity of 1080000 pieces of apparels per annum. We are planning to set up a new integrated manufacturing facility at 12150 sq mtr land allotted at Industrial area Bahadurgarh by HSIIDC. For more information of our proposed expansion project, please see section titled "Object of the issue" beginning on page [●] of this DRHP.

Continue to invest in human resources and IT infrastructure

We believe that we have managed growth on the back of our infrastructure, which ensured quality and timely delivery. We will continue to invest in infrastructure, including human resources, to meet our growing needs. We plan to maintain the quality of our human resources and to continuously upgrade and benchmark our HR practices. We also plan to further strengthen IT support by installing latest software to integrate and keep track of our growing business.

OUR MANUFACTURING PROCESSES



Design and Product Development

Design plays the prominent role in changing perceptions and making an image. Based on nature of customer profile, a direction is developed and a strategy for implementation is created. This is the prime feature of our business model which involves conceptualization of the trend, choice of fabric, color, type of accessories and designing the look of the product and other details. The process is started well in advance prior to the actual season when the apparels are intended to be retailed. Our designing team is regularly engaged in research of new designs and latest trends. Our team also attends various international fashion events and seminars to have knowledge of latest happenings in the world of fashion.

Raw Material Sourcing

Fabric and other accessories such as zips, buttons, thread, tags, labels etc are our main raw materials. The procurement of right fabric which is the dominant raw material is one of the most critical aspects in manufacturing of apparels. The raw material is sourced from various sources including directly from mills, wholesalers and importers. We have a team of experienced professionals headed by one of our Managing Director Mr Vijay Bansal who decides the procurement of raw material. The ready fabric takes an average time of 15 days for delivery. However, for programmed fabric, it normally takes 1-3 months depending on the process involved and availability of resources.

Fabric Checking

After selecting the fabric, quality checks are conducted so as to ensure that the fabric procured confirm to our requirements and specifications. This is done with aid of machines that helps to visualize the extent of damage/ waste in the fabrics. Beside the fabric, the accessories are also thoroughly checked for defects and damages.

Fabric Cutting and Stitching

The next step in our manufacturing process involves fabric cutting in case of in-house production or fabric issue in case of outsourced to third parties. We make use of various machines such as power cutting machines. To detect any defects at this stage including any weaving defects, we follow a procedure named “Laying of Fabric on Cutting Table” and thereby maintain high quality standards. The different parts of the apparel are now stickered for the purpose of identification for size and shade.

After the fabric is cut, the stitching is carried out either in-house at our manufacturing facilities at Lawrence Road, Delhi or outsourced to dedicated fabricators which work exclusively for us. Also main accessories like collars, cuffs, buttons and zips etc are fixed. The stitching is carried out by skilled personnel and specialists who backed by high-end machinery ensure high productivity and better quality output. As we manufacture a wide range of apparel, we use various kinds of machines for different processes.

Washing

Washing is a crucial step to give fabric especially denim a very different and lively feel. Washing basically involves applying chemical processes on the garments. The apparels are washed and treated in high capacity washing machines and hydro water expellers are used to drain the water from the apparel thereafter the apparels are dried. At present, this function is outsourced to washers on account of pollution-related matters. However, to reduce the dependence on third parties we are setting-up our own plant at Sonipat.

Printing/Embroidery Job

This process is carried out to enhance a product’s features to make it more appealing to a customer. It involves doing embroidery work on the shirts, tops or denims and also come out with prints on the shirts, t-shirts and tops.

Finishing and Packaging

After completion of the washing and/ or printing process the apparels undergo finishing and thereafter packaging. The finishing process also involves excess thread removal, customized ironing, tagging etc. This process is carried out at our in-house facilities. After finishing, labeling exercise is undertaken this includes attaching of labels having details about the product, size and price. Post this, the apparel is properly packed and is ready to be shipped to our warehouses for final delivery. The garments are firstly

packed individually and then packaged into different boxes according to the size, design and article number of the garments. From here, we dispatch the goods to various locations as per the requirements. We ensure that apparel that is dispatched to warehouse has undergone all quality checks.

Third Party Fabricators and Outsourcing

To meet the demand for our brands, we also outsource the manufacturing of apparels and they directly deliver the product at our warehouses. However the fabric is sourced and provided by us. The fabricator cuts and stitches the fabric as per instruction and designs given by our company. We have arrangements with 94 fabricators who work for our company on job work basis. Among these fabricators we have arrangement with three fabricators who are completely dedicated to manufacture apparels for us. The details of those three dedicated third party fabricators are given below:

M/S Vinay Enterprises: Category III, Shed No. 15, DSIDC Complex, Rohtak Road, Nangloi, Delhi-110041

M/S Fashion Apparels: B-46, Ground Floor, Lawrence Road, Industrial Area, Delhi-110035

M/S Bansal Enterprises: Category II, Shed No. 15, DSIDC Complex, Rohtak Road, Nangloi, Delhi-110041

We also outsource woolen garments and accessories like belts, ties, socks and handkerchiefs. The woolen garments are generally outsourced from manufacturers in Ludhiana and other accessories from Delhi and other cities. Our design and creative team decide the designs and approves the sample first as per our requirements and thereafter the purchase orders are issued.

Distribution and Marketing

For the purpose of distribution, apparels packaging is arranged in accordance with the locations of our outlets where they have to send to. Here our marketing team decides as to which product has to reach which destination based on the demand of products. The marketing team also monitors the trend in the retail space and coordinates on the same with our product development department. The retailing plan is supported with a detailed logistic plan so that merchandise flows directly from the warehouse to the right outlets in a timely and cost efficient manner. Our team monitors the level of stock across all the outlets. We have centralized computerized system to know, analyze and store the inventory and sales of each outlet every day. We have a strong distribution and marketing team of 786 persons who are spread across the country.

Our brand is designed for Indian taste and reflects contemporary orientation and style. We use a range of tools to promote both the brands. We position our brands with innovative marketing and advertising campaigns through newspaper, other print media, hoardings, banners, magazines and also through event sponsorships including fashion shows.

Our Existing Manufacturing Facilities

As on August 31, 2009 we have total 3 in-house manufacturing / finishing units and 4 warehouses located in Delhi. All our manufacturing and warehousing facilities are on lease including from Promoter / Promoter Group entities. The details of our manufacturing and warehousing facilities are given below:

Location	Activity	Sub-Activity/Brand
B - 16, Lawrance Road, Industrial Area, New Delhi - 110 035	Manufacturing	Finishing and Packaging
B - 49, Lawrance Road, Industrial Area, New Delhi - 110 035	Manufacturing	Shirt Stitching, Finishing and Packing
B - 50, Lawrance Road, Industrial Area, New Delhi - 110 035	Manufacturing	Trouser Stitching
B - 28, Lawrance Road, Industrial Area, New Delhi - 110 035	Warehousing	CANTABIL
B - 47, Lawrance Road, Industrial Area, New Delhi - 110 035	Warehousing	La FANSO

B - 65, Lawrance Road, Industrial Area, New Delhi - 110 035	Warehousing	Fabrics
WZ - 50 Shakurpur	Warehousing	Despatch (La FANSO)

Our annual capacity utilization for in-house manufacturing facilities which is for men's wear only is as under for the years ended March 31, 2009, 2008 and 2007:

Year ended March 31, 2009			Year ended March 31, 2008			Year ended March 31, 2007		
Capacity	Actual Production	Capacity Utilization %	Capacity	Actual Production	Capacity Utilization %	Capacity	Actual Production	Capacity Utilization %
850000	784805	92.33	560000	501595	89.57	105000	93200	88.76

The in-house manufacturing capacity has been increased and as on August 31, 2009, our in-house manufacturing capacity is 1080000 pieces of apparel per annum.

Particulars	Year ended March 31, 2009			Year ended March 31, 2008			Year ended March 31, 2007		
	Capacity	Actual Production	Capacity Utilization %	Capacity	Actual Production	Capacity Utilization %	Capacity	Actual Production	Capacity Utilization %
Men's Wear	920000	804916	87.49	670000	602684	89.95	260500	234399	89.98
Women's Wear	120000	102163	85.14	29400	26540	90.27	9500	8828	92.93
Kidswear	-	-	-	-	-	-	-	-	-
Total	1040000	907079	87.22	699400	629224	89.97	270000	243227	90.08

Our annual in-house finishing capacity utilization for the years ended March 31, 2009, 2008 and 2007 are as under:

Projected Capacity Utilization

In-house manufacturing capacity

Particulars	2009-10	2010-11	2011-2012
Existing Facilities	1080000	1080000	1080000
Proposed New Facilities at Bahadurgarh	-	-	4320000
Total	1080000	1080000	5400000
Projected Capacity Utilization	95%	95%	75%

In-house finishing capacity

Particulars	2009-10	2010-11	2011-2012
Existing Facilities*	3000000	3000000	3000000
Proposed New Facilities at Bahadurgarh	-	-	4320000
Total	3000000	3000000	7320000
Projected Capacity Utilization	70%	85%	75%

* We have increased our finishing capacity to 3000000 apparels at our unit located at B-16, Lawrence Road, Industrial Area, Delhi. Besides apparels manufactured in-house, we shall carry out finishing of unfinished apparels sourced from third party fabricators at our finishing unit. This will result in cost effectiveness and better quality control of the apparels being sourced from third party fabricators.

Plant and Machinery

We have over 500 machines mainly comprising of sewing machine, belt machine, overlock machine, luppi machine, bartek machine, snap button machine, lagger toper machine, jatti machine, table top machine, collar cutting machine, cutting machine, pressing table, pressing machines, stitching machine, tagging

machine, fusing machine, pocket logo, barcode machine, steam boiler and miscellaneous machines including generator sets.

Utilities

The main utilities required are power and water. We have made the necessary arrangements for the purpose of power supply. We meet our electricity requirement by purchasing electricity from North Delhi Power Limited (NDPL). NDPL has sanctioned the power supply of 371 KW. Besides we have generator sets for all the units. The requirement of water for manufacturing of garment is marginal. The requirement for water is mainly for employees' consumption and is sourced from the local authority.

Effluent Disposal

Our operations do not generate any effluents, either water or air based. The washing is outsourced from washers.

Human Resources and HR Policies

We focus on hiring and retaining the best talent in the industry. We believe that the success of our company is driven primarily by our employees through their skills, their commitment and their constructive cooperation. We give our employees feedback and support and ensure that good performance is appropriately recognized. We determine the employees' compensation by the specifications of the position, competencies and performance. Wherever possible, we use success and performance driven compensation systems that include special increments.

We have in-house HR Manual containing service conditions for the employees, the expected code of conduct, and discipline. Further, the manual also aims at improving the awareness of employee's vis-à-vis health and safety measures and unlawful activities/behavior such as sexual harassment. Our employees are also entitled to all benefits as are required by law including Provident Fund, ESI and Gratuity. To ensure employee health and safety, we conduct health and safety training on regular intervals for all our employees. We are committed to provide a work environment that is free from all form of discrimination and conduct that can be considered harassing, coercive or disruptive. We maintain good working relationship with our employees.

As of 31st August, 2009, we have 1484 permanent employees as per details given below.

Functions	Number of Employees
Management	4
Business Development / Marketing	786
Service & Maintenance	3
Manufacturing (staff at factory)	66
Manufacturing (workers at factory)	441
Finance and Accounts	26
Administration, HR and Legal/ Secretarial	29
Commercial / Purchase /Store	113
Information Technology	16
Total	1484

Besides we also hire workers/ laborers on contract basis.

Export

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

Collaborations

We have not entered into any collaborations with respect to our business, including our marketing activities.

Competition

Our branded apparel business faces competition from established Indian and International brands operating in India. Our products cover all the segments i.e. men's wear, women's wear and kidswear. Further our product mix is comprehensive which covers formal wear, party wear, casual and ultra casuals including shirts, trousers, denims, T-shirts, jackets, shorts, suits, sweaters, track suits and accessories etc.

Due to industry's fragmented nature, there is no authentic data available to our company on total industry size and market share of our company vis-à-vis competition. Our competitors include Kewal Kiran Clothing Limited, Koutons Retail India Limited, and Zodiac Clothing Company Limited.

Insurance

Our operations are subject to risk inherent in the apparel manufacturing industry such as mechanical failure of equipments, work accidents, fire, theft and natural disasters, act of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and destruction of our property and equipment, the properties of others and risk associated with adverse working environmental conditions and may affect our operations.

We have taken comprehensive insurance policies covering our units and office premises. Our insurance policies include Standard Fire and Special Perils Policy, Burglary Policy, Marine Cargo Open Policy and other policies to insure vehicles owned by us.

Intellectual Property

Our brand logo for Cantabil and La FANSO and trademark "CANTABIL" and LaFANSO" are registered under the Trademark Act 1999 in our earlier name Kapish Products Private Limited. However one of the logo "Cantabil International Clothing" is not registered and we have applied for the registration of the same. For details see section titled "Government and Other Approvals" beginning on page [●] of this DRHP.

Our Manufacturing Facilities and Properties

Location	Activity	Sub-Activity/Br and	Date of Lease Term	Term of lease
B - 47, Lawrance Road, Industrial Area, New Delhi - 110 035	Warehousing	La FANSO	November 03, 2006 Basement Premises	Upto March 31, 2011
	Registered and Administrative Office		December 20, 2006 Ground Floor	Upto November 15, 2011
			November 03, 2006 First Floor	Upto August 31, 2011
B - 28, Lawrance Road, Industrial Area, New Delhi - 110 035	Warehousing	CANTABIL	October 24, 2008	Upto September 30, 2011
B - 65, Lawrance Road, Industrial Area, New Delhi - 110 035	Warehousing	Fabrics	October 08, 2008	Upto October 07, 2011
B - 16, Lawrance Road, Industrial Area, New Delhi - 110 035	Manufacturing	Finishing and Packaging	March 04, 2009	Upto March 31, 2010
			February 01, 2008	Upto March 31, 2010
B - 49, Lawrance Road, Industrial Area, New Delhi - 110 035	Manufacturing	Shirt Stitching, Finishing and Packing	February 15, 2007	Upto February 14, 2010
B - 50, Lawrance Road, Industrial Area, New Delhi - 110 035	Manufacturing	Trouser Stitching	June 02, 2007 Basement, Ground Floor, Part	5 years

			Mezzanine Floor, First Floor	
			June 14, 2009 Front portion	11 Months
WZ - 50 Shakurpur, Delhi	Warehousing	Despatch (La FANSO)	April 01, 2007	Upto March 31, 2012

Properties owned by us.

Location	Date of Deed	Nature of property	Use of property
Plot No. 4, Jwala Heri, Paschim Vihar, New Delhi	July 25, 2005	Commercial	Company Outlet
Groung Floor, Ansal Plaza, Vaishali, Ghaziabad	March 03, 2007	Commercial	Company Outlet
Plot No. 220, Industrial Estate, Barhi, Sonipat	February 04, 2009	Industrial	Manufacturing Unit
Plot No. 359, 360 & 361, Sector 4-b, Industrial Estate, Bahadurgarh, Haryana	Allotment letter dated October 21, 2008 from HSIIDC	Industrial	Manufacturing Unit

In addition to above properties, as on August 31, 2009 we have 119 properties on lease from various parties all over the country which are used as our retail outlets. We have also received allotment letter dated April 30, 2008 in respect of our application for residential property in Parsvnath Paramount, Subhash Nagar, Delhi. We have paid the initial installments and the project is under construction.

KEY INDUSTRY REGULATIONS

The following description is a summary of the relevant regulations and policies applicable to the Company as prescribed by the central and state governments in India.

1. **Factories Act, 1948**

As per the applicable provisions of the Factories Act, 1948 ("Factories Act"), read along-with the Rules framed there under, no person can operate a factory till such time it has obtained a license from the designated authorities under the Factories Act. Generally, registration/license under the said Factories Act is issued on yearly basis and is required to be renewed annually. Factories Act, is a central law which primarily regulates working conditions of workers in factories and to ensure that basic minimum requirements for the safety, health and welfare of factory workers is provided. The Act also regulates the working hours, leave, holidays, overtime, employment of children, women and young persons etc. The Factories Act is applicable to all 'factories'.

2. **The Delhi Municipal Corporation Act, 1957**

The Delhi Municipal Corporation Act, 1957 ("DMC Act") is enacted to streamline orderly growth of industries in the state of Delhi. Provisions of the DMC Act are implemented to minimize the nuisance, health hazard and pollution in the NCT of Delhi as per the broad norms laid down in the Master Plan of Delhi & Pollution Control Committee, G.N.C.T.D., and as per directions / judgments delivered by the Supreme Court of India.

3. **Compliances under the provisions of various Pollution Control Laws**

India has a comprehensive environmental protection legal framework comprising three major statutes viz:

- a. The Water (Prevention and Control of Pollution) Act, 1974;
- b. The Air (Prevention and Control of Pollution) Act, 1981; and
- c. The Environment Protection Act, 1986

In order to achieve the objectives of control, and to abate and prevent pollution, Pollution Control Boards ("PCBs") vested with diverse powers have been set up in each state.

Any establishment intending to operate a factory or manufacturing facility in India is required to obtain prior permission/consent from the appropriate State Pollution Control Board before operating any such unit or factory.

The approvals /permissions as obtained from the State Pollution Control Board are for the specified period and are required to be renewed from time to time.

4. **Registration under Contract Labour (Regulation & Abolition) Act, 1970**

The Contract Labour (Regulation and Abolition) Act, 1970 ("CLA Act") is applicable to every establishment in which twenty or more workmen are employed directly or indirectly, on any day in the preceding twelve months as contract labour. The CLA Act aims to abolish the system of contract labour wherever possible and practicable and in other cases to regulate the working conditions of the contract labour so as to ensure timely payment of wages and provision of essential amenities.

Every establishment covered by CLA Act, if it wants to engage twenty or more persons through a contractor has to get itself registered. CLA Act lays down that every principal employer of an establishment to which CLA Act applies shall make an application to the registering officer in the prescribed manner for registration of the establishment. Likewise, every contractor, to whom the CLA Act applies, is also required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLA

Act. It is also important to note that in case the contractor fails to pay statutory dues to its contract labour, the company may then be held responsible to clear such dues in the capacity as principal employer.

5. Registration under Sales Tax Laws/Value Added Tax

VALUE ADDED TAX:

Every State/Union Territory in India has its own Value Added Tax ('VAT') Act. The taxable event which attracts the levy of VAT is the sale of goods within a particular State by a dealer.

Registration under the VAT Act is of two types – mandatory and voluntary. Mandatory registration is required when the turnover of the dealer exceeds the threshold limit prescribed in the particular VAT Act of the concerned State.

The other type of registration which is envisaged is voluntary registration. In such a situation, the dealer can get himself registered at any time under the provisions of the VAT Act irrespective of its turnover.

CENTRAL SALES TAX

As stated above, VAT is chargeable when a local sale is effected by a dealer. However, in cases where the dealer effects an inter-state sale i.e. a sale where the movement of goods commences in one State and delivery of the goods is made in another State, the dealer effecting such sale is required to charge Central Sales Tax ('CST') on the price of the goods being sold.

Registration under the CST Act is required in case an inter-State sale (even one sale is enough to attract the provisions of CST) is effected by a dealer irrespective of the price at which the same is effected.

6. Income Tax Act, 1961

The Company is required to obtain the PAN and TAN as per the requirement of the Income Tax Act, 1961.

Permanent Account Number (PAN) is a ten-digit alphanumeric number issued by the Income Tax Department, Government of India. All assesses or taxpayers or persons, who are required to furnish a return of income, must obtain PAN. It is mandatory to quote PAN on return of income.

TAN or Tax Deduction Account Number is a 10 digit alphanumeric number required to be obtained by all persons who are responsible for deducting or collecting tax. It is compulsory to quote TAN in withholding tax return, payment challans and withholding tax certificates.

7. Indian Boiler Act, 1923

The Indian Boilers Act, 1923 was enacted with the objective to provide mainly for the safety of life and property of persons from the danger of explosions of steam boilers and for achieving uniformity in registration and inspection during operation and maintenance of boilers in India. "Steam Boiler" means any closed vessel exceeding 22.75 litres which is used exclusively for generating steam under pressure and includes any mountings and other fittings attached to such vessel which is wholly or partly under pressure when steam is shut off. Every boiler owner is required to make an application to the Chief Inspector of Boilers for the inspection of the boiler along with the treasury challan of the requisite fees as per requirements of Indian Boilers Act, 1923.

8. Standard of Weights and Measures Act, 1976

The Standard of Weights and Measures Act, 1976 was enacted to establish standards of weights and measures, to regulate inter-state trade or commerce in weights, measures and other goods which are sold or distributed by weight, measure or number, and to provide for matters connected therewith or incidental thereto. Under the provisions of this Act, Central Government has enacted The Standards of Weights and Measures (Packaged Commodities) Rules, 1977. The said Rules prescribe norms for

packaging of the commodities meant for retail sales, declaration to be made on all the packages, manner of declarations as quantity of the products in the packages, name and address of the manufacturer, etc.

9. Permission for Operation of Diesel Generator Sets under The Indian Electricity Rules, 1956

Under the Indian Electricity Rules, 1956, an approval has to be taken for installing diesel generator sets above 10 KW.12.5 KVA.

10. Registration State 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 lays 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.

Shops or/and establishment irrespective of the number of employees is required to be compulsorily registered under such state acts.

11. State Tax on Professions, Trade, Callings and Employment

Profession tax is levied on every person engaged in any profession, trade, calling or employment and falling under the category described in the Schedule to such Acts, and is payable to the State Government at the rate prescribed from time to time. Profession tax is payable by a company. It is also payable by an employee; however, such a payment is deducted by the employer from the salary of the employee and is paid to the Government.

12. Other Employee Welfare related acts:

- Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- Registration under the Employees' State Insurance Act, 1948
- Payment of Bonus Act, 1965
- Payment of Gratuity Act, 1972

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as “Kapish Sales Private Limited” on February 09, 1989 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana. The name of the Company was subsequently changed to “Kapish Products Private Limited” pursuant to a fresh Certificate of Incorporation dated May 15, 1995. Pursuant to the Scheme of amalgamation approved by the Hon’ble High Court of Delhi vide its order dated October 23, 2008, Cantabil International Private Limited was merged into our Company w.e.f. April 01, 2007, being the appointed date for the amalgamation. The order of High Court was filed with the Registrar of Companies on December 08, 2008. Our Company had allotted equity shares to the members of Cantabil International Private Limited in the ratio of 3 equity shares of face value Rs. 10 each of Cantabil Retail India Limited against every 2 equity shares of face value Rs. 10 each held in Cantabil International Private Limited. We have applied for the formal order of High Court in respect of our Scheme of Amalgamation. We shall apply for mutation of properties of the transferor company in our name on receipt of final order from the Hon’ble High Court containing Schedule of properties. The name of our Company was subsequently changed to “Cantabil Retail India Private Limited” pursuant to a fresh Certificate of Incorporation dated March 05, 2009. Subsequently our Company was converted into public limited company and received fresh Certificate of Incorporation dated August 26, 2009 in the name of Cantabil Retail India Limited.

Our promoters are Mr. Vijay Bansal and Mr. Deepak Bansal.

Key Events and Mile Stones

Year	Events
1989	Incorporation of Company
	Started the wholesale business of garment accessories
2000	Launched the brand “CANTABIL”
	Selling business through MBO and EBO
2002	Resorted to the business model of EBO
2007	Launched womens’ wear under the brand “CANTABIL”
2008	Amalgamation of Cantabil International Private Limited
	Launched the brand “La FANSO” exclusively for men
	Launched Kids’ wear under the brand “CANTABIL”
2009	Change in the name of our Company from Cantabil Retail India Private Limited to Cantabil Retail India Limited

Changes in Registered Office

Date of Change	Existing Registered Office	New Registered Office
Since Incorporation	1135/10, Naiwala, Karol Bagh, New Delhi - 110 005	
June 01, 1989	1135/10, Naiwala, Karol Bagh, New Delhi - 110 005	208 A J Chambers, 953-956 Pyare Lal Road, Naiwala, Karol Bagh, New Delhi - 110 005
March 15, 1993	208 A J Chambers, 953-956 Pyare Lal Road, Naiwala, Karol Bagh, New Delhi - 110 005	5363, Nana Market, 3rd Floor, Gali Petiwala, Sadar Bazar, Delhi - 110 006
April 01, 1994	5363, Nana Market, 3rd Floor, Gali Petiwala, Sadar Bazar, Delhi - 110 006	208 A J Chambers, 953-956 Pyare Lal Road, Naiwala, Karol Bagh, New Delhi - 110 005
September 22, 1997	208 A J Chambers, 953-956 Pyare Lal Road, Naiwala, Karol Bagh, New Delhi - 110 005	1151/11, Deep Complex, Govindpuri, Kalkaji, Delhi - 110 019
August 14, 2000	1151/11, Deep Complex, Govindpuri, Kalkaji, Delhi - 110 019	B - 47, Lawrence Road, New Delhi - 110 035
May 21, 2001	B - 47, Lawrence Road, New Delhi -	1151/11, Deep Complex, Govindpuri,

Date of Change	Existing Registered Office	New Registered Office
	110 035	Kalkaji, Delhi - 110 019
July 02, 2005	1151/11, Deep Complex, Govindpuri, Kalkaji, Delhi - 110 019	B - 47, 1st Floor, Lawrence Road Industrial Area, Delhi - 110 035

Our Main Objects

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

1. To carry on the business as manufacturers of and dealers in or as stockists, importers and exporters of cotton and polyester zips of every colour kind and size, plastic, wooden and metallic buttons, thread, needles and tailoring material of all types.
2. To manufacture, purchase, sell, import, export and otherwise deal in plant and machinery capable of being used in the business of the company referred to in para (1) above.
3. To carry on the business of manufacturers, importers, exporters and dealers in Men's, Women's and Children's Clothing, wearing apparel, Hosiery goods, Shoes, Jackets, Stocks, Ties and other Fashion Wears etc. and other similar articles of every kind, nature, description made from cotton, synthetic, wool, worsted materials and / or Leather.
4. To carry on the business of Fabrication of all kinds of Garments and hosiery wears.

The objects of the Memorandum of Association of our Company enable us to undertake activities for which the funds are being raised in this Issue. The existing activities of our Company are in accordance with the Object Clause of our Memorandum of Association.

Changes in the Memorandum of Association since incorporation are as under:

Date of passing of resolution	Amendments
July 27, 1989	Authorised Share Capital increased from Rs. 100,000 to Rs. 500,000
September 21, 1990	Authorised Share Capital increased from Rs. 500,000 to Rs. 1,000,000
April 22, 1993	Authorised Share Capital increased from Rs. 1,000,000 to Rs. 2,500,000
July 05, 1994	Authorised Share Capital increased from Rs. 2,500,000 to Rs. 3,500,000
March 16, 1995	Name of the Company was changed from "Kapish Sales Private Limited" to "Kapish Products Private Limited"
June 10, 1995	Authorised Share Capital increased from Rs. 3,500,000 to Rs. 5,000,000
March 02, 2005	Authorised Share Capital increased from Rs. 5,000,000 to Rs. 7,000,000
April 09, 2007	Authorised Share Capital increased from Rs. 7,000,000 to Rs. 47,000,000
January 10, 2008	Objects clause was amended by addition of clause no. 3 and 4 to the Main Objects of the Company
December 08, 2008*	Authorised Share Capital increased from Rs. 47,000,000 to Rs. 54,000,000 *
February 26, 2009	Name of the Company was changed from "Kapish Sales Private Limited" to "Cantabil Retail India Private Limited"
July 18, 2009	Authorised Share Capital increased from Rs. 54,000,000 to Rs. 125,000,000
July 31, 2009	Name of our Company from "Cantabil Retail India Private Limited" to "Cantabil Retail India Limited" pursuant to conversion of the Company from private limited to public limited company.

* M/s Cantabil International Private Limited merged with our Company vide order of the Hon'ble High Court of Delhi dated October 23, 2008. The abovementioned increase in the Authorised Share capital of our Company was pursuant to the addition of the authorized share capital of Cantabil International Private Limited.

Shareholders Agreement

We have not entered into any shareholders agreement

OTHER AGREEMENTS

We enter into agreements in the normal course of business with our Franchisee for operating the retail outlets.

Non Compete Agreement

We have not entered into any non compete agreement.

Joint Venture

As on the date of filing of this Draft Red Herring Prospectus, we do not have any Joint Ventures.

Strategic Partners

As on the date of filing of this Draft Red Herring Prospectus, we do not have any Strategic Partners.

Financial Partners

As on the date of filing this Draft Red Herring Prospectus, we do not have any other financial partners.

OUR MANAGEMENT

Our Company functions under the control of Board of Directors. The day-to-day affairs of the company are looked after by qualified key personnel under the supervision of Mr. Vijay Bansal, Managing Director. Presently we have 8 Directors on our Board. The constitution of our Board is as under:

Sr. No.	Name, Designation, Father's Name, Address, occupation	Nationality	Age (Years)	Date of appointment	Other Directorships/partnership in other entities
1.	Mr. Vijay Bansal Chairman and Managing Director S/o Late Sh. Shri Chand Bansal 174, Rajdhani Enclave, Pitampura, New Delhi - 110 034 Term: 15/09/2009 to 14/09/2012 DIN:01110877	Indian	51	09/02/2009 Appointed as Managing Director w.e.f. 15/09/2009	<ul style="list-style-type: none"> • Romano Fashions Private Limited • KPS Products Private Limited
2.	Mr. Deepak Bansal Whole Time Director S/o Sh. Vijay Bansal 174, Rajdhani Enclave, Pitampura, New Delhi - 110 034 Term: 15/09/2009 to 14/09/2012 DIN:01111104	Indian	26	01/10/2006 Appointed as Whole Time Director w.e.f. 15/09/2009	<ul style="list-style-type: none"> • Romano Fashions Private Limited • KPS Products Private Limited
3.	Mr. Anil Bansal Whole Time Director S/o Sh. Ram Niwas Bansal 106 Ambika Appartments, Sector - 14, Rohini, New Delhi - 110 085 Term: 15/09/2009 to 14/09/2012 DIN: 02443104	Indian	34	01/05/2009 Appointed as Whole Time Director w.e.f. 15/09/2009	<ul style="list-style-type: none"> • Dolphin Packaging Private Limited
4.	Ms. Swati Gupta Director - Promoter W/o Sh. Anand Swaroop Gupta B - 29, Ashok Vihar Phase - I, New Delhi - 110 052 Term: Liable to retire by rotation DIN:00009081	Indian	27	01/02/2008	Nil
5.	Dr. Arun Kumar Roopanwal Additional Director - Independent S/o Sh. Shanti Swaroop Saxena 14/406, Vasundhara, Ghaziabad - 201 012 Term: Liable to retire at next AGM DIN: 00406817	Indian	58	11/09/2009	<ul style="list-style-type: none"> • Givo Limited
6.	Mr. Lalit Kumar Additional Director - Independent S/o Sh. Dev Raj Gupta C-A/97 B, Janak Puri, New Delhi - 110 058 Term: Liable to retire at next AGM DIN: 00025150	Indian	44	11/09/2009	<ul style="list-style-type: none"> • Oak Tree Retail Private Limited • Gaap Education Private Limited • Express Toll Solutions Private Limited
7.	Mr. Romesh Lal Additional Director - Independent S/o Sh. Prakash Chand G-65, Venus Appartments, Plot	Indian	69	11/09/2009	<ul style="list-style-type: none"> • Amrit Banaspati Company Limited • Amrit Corp Limited • SBL Private Limited • SBL Industries Private Limited

Sr. No.	Name, Designation, Father's Name, Address, occupation	Nationality	Age (Years)	Date of appointment	Other Directorships/partnership in other entities
	No. 43, Sector 9, Rohini, Delhi - 110 085 Term: Liable to retire at next AGM DIN: 00026288				• I C Textiles Limited (Nominee Director of IDBI Limited)
8.	Mr. Brij Mohan Aggarwal Additional Director - Independent S/o Sh. Bhoj Raj Aggarwal NS-29, Mainwali Nagar, Rohtak Road, New Delhi - 110 087 Term: Liable to retire at next AGM DIN: 00157253	Indian	56	11/09/2009	• Placid Marketing Private Limited

Brief Profile of Directors

Mr. Vijay Bansal, 51 years, is a Chairman and Managing Director of our company. He is a Graduate from Kurukshetra University. He has an overall experience of 20 years in Garment and Garment Accessories business. He is the founder promoter of our Company. He promoted Kapish Products Private Limited in 1989 and there after launched Cantabil brand in 2000. He has been instrumental in strategic planning and business development of our company including establishment of our Brand “Cantabil” and “Lafanso”. He is responsible for the overall management and supervision of the business of our Company. He was conferred with Delhi Udyog Ratan Award 2008 by Government of Delhi

Mr. Deepak Bansal, 26 years, is a Whole time Director of our company. He is a graduate in Mathematics from Delhi University. As a Director, he is responsible for diversifying the business of the company and for preparing marketing strategy and advertisement for our products. He has been actively involved in setting up of 200 retail outlets in recent times all over India. He has an overall experience of 5 years in Retail apparel industry.

Ms. Swati Gupta, 27 years, is a Director of our company. She holds diploma in fashion designing from NIFT, Delhi. She has been instrumental in creating latest products for women, men and kids wears with main focus on quality, trend and designs. She is responsible for analyzing and creating process for product development. She plays a vital role in our company's growth by providing valuable product suggestions.

Mr. Anil Bansal, 34 years, is a Whole time Executive Director. He is a post graduate and is responsible for HR, Advertisement, Warehouse, Inventory Management & Project divisions of our company. Due to his in-depth knowledge of demographic composition he effectively manages our stores in Delhi & NCR and plays an important role in implementing different schemes to promote our brand. He has been associated with Cantabil since he joined us as general manager.

Dr. Arun Kumar Roopanwal, 58 years, is an Additional Independent Director of our company. He holds a Ph.D degree in textiles from the Indian Institute of Technology. He has an overall 33 years of experience in Textile industry. He is currently working in Acubes International as director and has hold various top managerial position in past like Executive Director for GIVO Limited, CEO for Niryat Sam Apparels (India) Limited, Vice President of Sutlej Textile industries and Senior Scientific Officer in Ministry of Textiles. He advises us on strategic managing business operations and gives strategic directions to our company.

Mr. Lalit Kumar, 44 years, is an Additional Independent Director of our company. He is a Chartered Accountant & Company Secretary by qualification. He has a strong understanding of retail space in India with the ability to monitor new market developments. He was President of Vishal Retail Limited in 2008 and CEO of Ebony for 3 years. He has a total of 22 years of experience with 10 years of experience at top managerial level in retail industry. He advises us on new market developments and new trends in retail apparel industry

Mr. Romesh Lal, 69 years, is Additional Independent Director of our company and is graduate and CAIIB. He has over three decades of experience in the field of banking covering all the facets of the banking industry. He was general Manager of Punjab National Bank and nominee director of PNB Gilts limited, PNB Housing Finance Limited and Everest Bank limited (a joint Venture of PNB). He retired as Executive director of Dena Bank. Our Company will have his guidance on banking and financial matters

Mr. Brij Mohan Aggarwal, 55 years, is Additional Independent Director of our company. He is FCA with over 3 decades of professional experience in the fields of corporate and financial consultancy, project planning and consultancy and financial publishing and Editing. He advises us on planning and expansion of our business.

Relationship between the Directors

Except Mr. Vijay Bansal, Mr. Deepak Bansal and Ms. Swati Gupta, no Director is a relative of any other Director. Mr. Vijay Bansal is father of Mr. Deepak Bansal and Ms. Swati Gupta. We also confirm that:

- we have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Director were selected as Director or member of Senior Management.
- the service contracts entered into with our Managing Director / Whole Time Director does not provide for any benefit upon termination of employment except the retirement benefits payable to them as Provident Fund, Superannuation and Gratuity as per the policies of our Company.

Borrowing powers

Our Company has passed the resolution in the annual general meeting of the members held on September 11, 2009 authorizing the Directors of the Company to borrow from time to time all such monies as they may deem necessary for the purpose of business of our Company notwithstanding that money borrowed by the Company together with the monies already borrowed by our Company may exceed the aggregate of the paid up share capital and free reserves provided that the total amount borrowed by the Board of Directors shall not exceed the sum of Rs. 1,500 million.

Remuneration of our Directors

1. Mr. Vijay Bansal

Mr. Vijay Bansal was appointed as Chairman and Managing Director of our Company by the Board in their meeting held on September 15, 2009 w.e.f. the same date. The details of his terms of appointment and remuneration payable are as under:

- (a) Salary [Basic]: Rs. 199,200/- per month
- (b) Commission : In addition to the salary, perquisites, allowances and other benefits, commission as may be decided by the Board of Directors at the end of each Financial Year calculated with reference to the net profits of the Company in a particular Financial Year subject to the overall ceiling stipulated in Section 198 and 309 of the Companies Act, 1956.
- (c) Perquisites and allowances:
 - (i) Conveyance Allowance : Rs. 800/- per month
 - (ii) Medical Re-imbursement/allowance : Re-imbursement of actual expenses for self and family as per rules of the Company.
 - (iii) Leave travel concession/allowance : For self and family as per rules of the Company
 - (iv) Company car and telephone: Expenses in relation to use of Company car and telephone for official purposes.
 - (v) Provision for driver/ Allowance for driver's salary : As per rules of the Company.
 - (vi) Any other expenses incurred/reimbursed not specifically included herein above.
- (d) Other benefits:
 - (i) Leave: As per the rules of the Company.
 - (ii) Company's contribution to provident fund: As per the rules of the Company.
 - (iii) Gratuity: As per the rules of the Company.
 - (iv) Encashment of leave: As per the rules of the Company.

The aggregate of the salary, commission, perquisites, allowance etc. taken together shall always be subject to overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956 and the Board of Directors shall be empowered to vary the terms of the appointment including remuneration from time to time.

- (e) Minimum Remuneration:
Where in any financial year, the company incurs a loss or its profit are inadequate, the Managing Director shall be paid remuneration within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956.
- (f) Duties: The Managing Director shall exercise and perform such powers and duties as the Board of Directors of the company shall from time to time, determine and subject to any directions and restrictions, from time to time given and imposed by the Board. Further, subject to superintendence, control and directions of the Board, he shall have the general control, management and superintendence of the business of the company with power to appoint and to dismiss employees, to enter into contracts on behalf of the company in the ordinary course of business and to do and perform all other acts, deeds and things, which in the ordinary course of business, he may consider necessary or proper or in the interest of the company.
- (g) Other Terms:
 - (i) He shall be entitled to reimbursement of entertainment expenses and other out of pocket expenses incurred in connection with the business of the Company.
 - (ii) As long as he functions as a Managing Director, he shall not be paid any sitting fees to attend the meetings of the Board and / or Committees thereof
 - (iii) He shall be required to travel abroad for business promotion as and when required and all expenses incurred during such foreign travel will be governed by the Company's policy regarding foreign travel.
 - (iv) If at any time, the Managing Director ceases to be a Director of the Company for whatsoever cause / reason, he shall cease to be the Managing Director of the Company.
 - (v) The appointment may be terminated by either party giving the other party three months notice in writing on the expiry of which, the appointment will come to an end. It is hereby agreed that the Company may terminate his appointment by paying to the managing Director his basic salary only for three months, in lieu of three months notice in writing.
 - (vi) The Managing Director of the Company shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company and shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from doing so."

2. Mr. Deepak Bansal

Mr. Deepak Bansal was appointed as Whole Time Director of our Company by the Board in their meeting held on September 15, 2009 w.e.f. the same date. The details of his terms of appointment and remuneration payable are as under:

- (a) Salary [Basic]: Rs. 149,200/- per month
- (b) Commission : Nil
- (c) Perquisites and allowances:
 - (i) Conveyance Allowance: Rs. 800/- per month
 - (ii) Medical Reimbursement/allowance: Re-imbursement of actual expenses for self and family as per rules of the Company.
 - (iii) Leave travel concession/allowance: For self and family as per rules of the Company.
 - (iv) Company car and telephone: Expenses in relation to use of Company car and telephone for official purposes.
 - (v) Provision for driver/ Allowance for driver's salary: As per rules of the Company.
 - (vi) Any other expenses incurred/reimbursed not specifically included herein above.
- (d) Other benefits:
 - (i) Leave: As per the rules of the Company.

(ii) Company's contribution to provident fund: As per the rules of the Company.

(iii) Gratuity: As per the rules of the Company.

(iv) Encashment of leave: As per the rules of the Company.

The aggregate of the salary, commission, perquisites, allowance etc. taken together shall always be subject to overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956 and the Board of Directors shall be empowered to vary the terms of the appointment including remuneration from time to time.

(e) Minimum Remuneration:

Where in any financial year, the company incurs a loss or its profit are inadequate, the Whole Time Director shall be paid remuneration within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956.

(f) Duties: The Whole Time Director shall exercise and perform such powers and duties as the Board of Directors of the company shall from time to time, determine and subject to any directions and restrictions, from time to time given and imposed by the Board and further subject to superintendence, control and directions of the Board.

(g) Other Terms:

(i) He shall be entitled to reimbursement of entertainment expenses and other out of pocket expenses incurred in connection with the business of the Company.

(ii) As long as he functions as a Whole Time Director, he shall not be paid any sitting fees to attend the meetings of the Board and / or Committees thereof.

(iii) He shall be required to travel abroad for business promotion as and when required and all expenses incurred during such foreign travel will be governed by the Company's policy regarding foreign travel.

(iv) The appointment may be terminated by either party giving the other party three months notice in writing on the expiry of which, the appointment will come to an end. It is hereby agreed that the Company may terminate his appointment by paying to the Whole Time Director his basic salary only for three months, in lieu of three months notice in writing.

(v) The Whole Time Director of the Company shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company and shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from doing so."

3. Mr. Anil Bansal

Mr. Anil Bansal was appointed as Whole Time Director of our Company by the Board in their meeting held on September 15, 2009 w.e.f. the same date. The details of his terms of appointment and remuneration payable are as under:

(a) Salary [Basic]: Rs. 19,500/- per month

(b) Commission : Nil

(c) Perquisites and allowances:

(i) Conveyance Allowance : Rs. 800/- per month

(ii) House Rent Allowance : Rs. 9,700/- per month

(iii) Medical Re-imbursement / allowance: Re-imbursement of actual expenses for self and family as per rules of the Company.

(iv) Leave travel concession / allowance: For self and family as per rules of the Company.

(v) Company car and telephone: Expenses in relation to use of Company car and telephone for official purposes.

(vi) Provision for driver/ Allowance for driver's salary: As per rules of the Company.

(vii) Any other expenses incurred/reimbursed not specifically included herein above.

(d) Other benefits:

(i) Leave: As per the rules of the Company.

(ii) Company's contribution to provident fund: As per the rules of the Company.

(iii) Gratuity: As per the rules of the Company.

(iv) Encashment of leave: As per the rules of the Company.

The aggregate of the salary, commission, perquisites, allowance etc. taken together shall always be subject to overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956 and the Board of Directors shall be empowered to vary the terms of the appointment including remuneration from time to time.

(e) Minimum Remuneration:

Where in any financial year, the company incurs a loss or its profit are inadequate, the Whole Time Director shall be paid remuneration within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956.

(f) Duties: The Whole Time Director shall exercise and perform such powers and duties as the Board of Directors of the company shall from time to time, determine and subject to any directions and restrictions, from time to time given and imposed by the Board and further subject to superintendence, control and directions of the Board.

(g) Other Terms:

(i) He shall be entitled to reimbursement of entertainment expenses and other out of pocket expenses incurred in connection with the business of the Company.

(ii) As long as he functions as a Whole Time Director, he shall not be paid any sitting fees to attend the meetings of the Board and / or Committees thereof

(iii) He shall be required to travel abroad for business promotion as and when required and all expenses incurred during such foreign travel will be governed by the Company's policy regarding foreign travel.

(iv) The appointment may be terminated by either party giving the other party three months notice in writing on the expiry of which, the appointment will come to an end. It is hereby agreed that the Company may terminate his appointment by paying to the Whole Time Director his basic salary only for three months, in lieu of three months notice in writing.

(v) The Whole Time Director of the Company shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company and shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from doing so."

Sitting Fee

The Board of Directors has accorded their approval for payment of sitting fee to Directors of the Company for attending the Meeting of the Board. The Directors, other than Executive Directors, are entitled for payment of sitting fee of Rs. 20,000 for attending every meeting of Board of its Committee thereof and reimbursement of actual expenditure incurred on travelling, lodging and boarding.

Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance will be applicable to us immediately upon the listing of our Company's Equity Shares on the Stock Exchanges.

Our Company has complied with the corporate governance requirements as per Clause 49 of the Listing Agreement. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following committees of the Board:

1. Audit Committee

The Audit Committee was constituted by our Board in their meeting held on September 11, 2009 in accordance with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Audit Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Lalit Kumar	Chairman	Independent Director
2.	Mr. Brij Mohan Aggarwal	Member	Independent Director
3.	Mr. Vijay Bansal	Member	Chairman and Managing Director

Our Company Secretary is the Secretary to the Committee.

The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the company's financial reporting and disclosure processes, internal controls, tax policies, compliances and legal requirements and associated matters.

1. Oversight of the 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. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. 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.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions 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.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or entrusted upon by the Board.

The powers of the Audit Committee shall include power to:

1. To investigate activity within its terms of reference.
2. To seek information from any employees.
3. To obtain outside legal or other professional advice.

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

2. Remuneration Committee

The Remuneration Committee was constituted by our Board in their meeting held on September 11, 2009 in accordance with the requirements of Clause 49 of the Listing Agreement. The Remuneration Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Brij Mohan Aggarwal	Chairman	Independent Director
2.	Mr. Arun Kumar Roopanwal	Member	Independent Director
3.	Mr. Romesh Lal	Member	Independent Director

Our Company Secretary is the Secretary to the Committee.

The role of the Remuneration Committee includes:

1. To review the remuneration of whole time / managing director, including annual increment and commissions, after reviewing their performance;
2. Review the remuneration policy followed by the Company, taking into consideration the performance of senior executives on certain parameters;
3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

3. Shareholders Grievances Redressal Committee

The Shareholders Grievances Redressal Committee was constituted by our Board in their meeting held on September 11, 2009 in accordance with the requirements of Clause 49 of the Listing Agreement. The Shareholders Grievances Redressal Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Brij Mohan Aggarwal	Chairman	Independent Director
2.	Mr. Vijay Bansal	Member	Chairman and Managing Director
3.	Mr. Anil Bansal	Member	Whole Time Director

Our Company Secretary is the Secretary to the Committee.

The role of the Remuneration Committee includes:

1. To approve share transfers and transmissions.
2. To approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated certificates.
3. Issue of duplicate share certificates in lieu of lost, mutilated and destroyed certificates.
4. Matters relating to dematerialization of shares and securities.
5. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interests, non receipt of balance sheet etc in particular.

Interests of Directors

All of our directors 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 and / or reimbursement of expenses, if any, payable to them and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our company.

The non promoter directors of our company can apply in the Issue and as such, may be regarded as interested in our Company to the extent of equity shares that may be subscribed by or allotted to them pursuant to the Issue. All the Directors may also be regarded as interested to the extent of Equity Shares already held by them or by the companies / firms / ventures promoted by them, if any, or equity shares

that may be subscribed by or allotted to them pursuant to the Issue and dividend or other distributions payable to them in respect of the said Equity Shares. All directors may be deemed to be interested in the agreement / arrangements entered into or to be entered into by our company with any company in which they hold directorships or any partnership firms in which they are partners.

Except as stated above and in the section titled “Related Party Transactions” on page [●] of this Draft Red Herring Prospectus, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Shareholding of our Directors

The shares held by Directors in our company as on the date of filing this Draft Red Herring Prospectus are as under:

Name of Directors	Number of shares held	% of pre-issue capital
Mr. Vijay Bansal	4,775,947	55.86
Mr. Deepak Bansal	1,116,960	13.06
Mr. Anil Bansal	160	0.00
Ms. Swati Gupta	160	0.00
Dr. Arun Kumar Roopanwal	-	-
Mr. Lalit Kumar	-	-
Mr. Romesh Lal	-	-
Mr. Brij Mohan Aggarwal	-	-

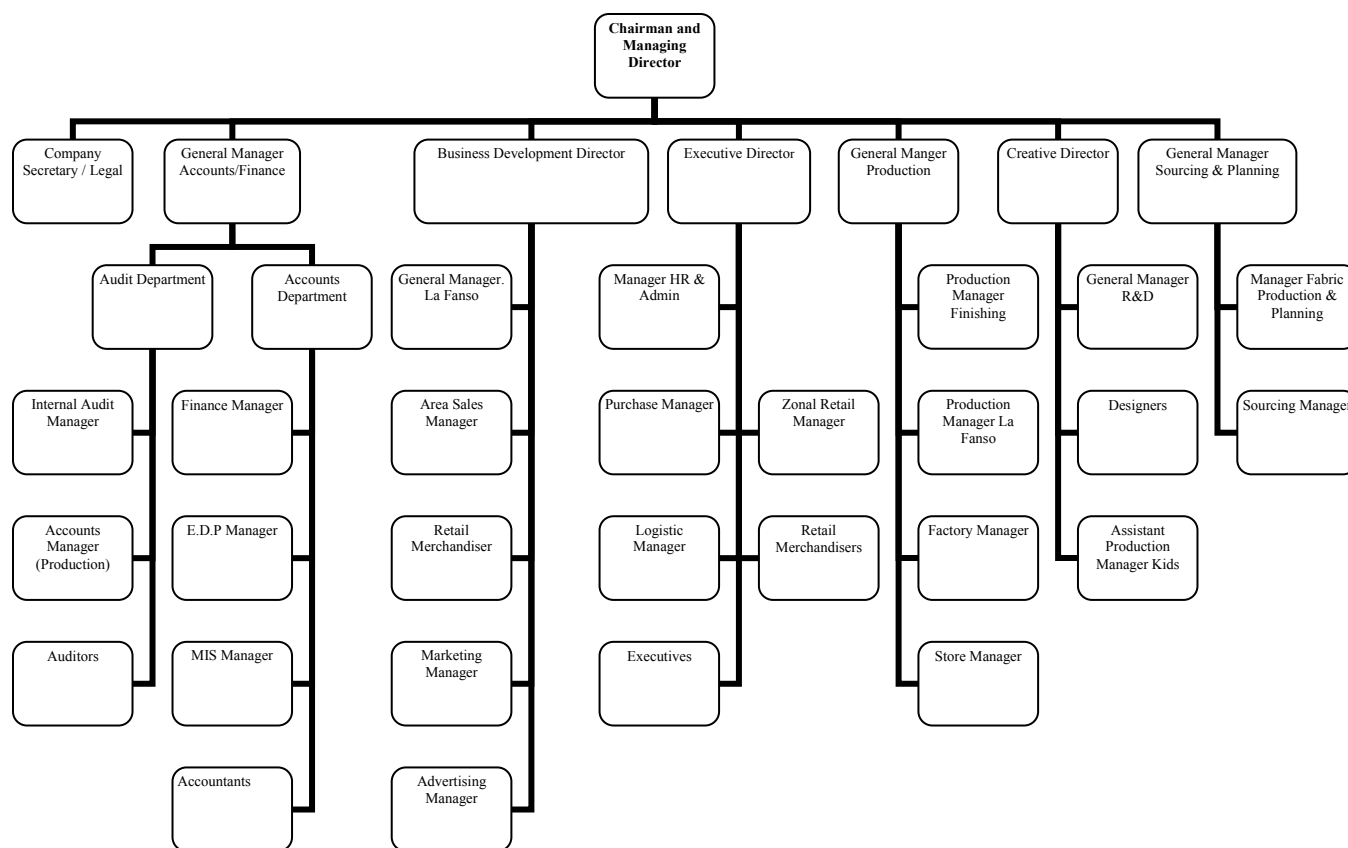
Changes in the Board of Directors in the last 3 years

Except the following, there has been no change in the Board of Directors of our Company during the last three years:

Name of Director	Date of Appointment	Date of cessation	Reason for Change
Mr. Deepak Bansal	01/10/2006	-	To broadbase the Board
Ms. Swati Gupta	01/02/2008	-	To broadbase the Board
Ms. Sushila Bansal	-	01/02/2008	Due to Resignation
Mr. Anil Bansal	01/05/2009	-	To broadbase the Board
Dr. Arun Kumar Roopanwal	11/09/2009	-	To broadbase the Board in compliance with Clause 49 of the Listing Agreement
Mr. Lalit Kumar	11/09/2009	-	To broadbase the Board in compliance with Clause 49 of the Listing Agreement
Mr. Romesh Lal	11/09/2009	-	To broadbase the Board in compliance with Clause 49 of the Listing Agreement
Mr. Brij Mohan Aggarwal	11/09/2009	-	To broadbase the Board in compliance with Clause 49 of the Listing Agreement

Management Organization Structure

The Organization structure of the senior management is presented below:



Key Managerial Personnel

In addition to Mr. Vijay Bansal, Managing Director and Mr. Deepak Bansal, Whole Time Director, whose details have been provided under brief profile of Directors on page [●] of this Draft Red Herring Prospectus, the following are Key Managerial Personnel of our Company. All our Key Managerial Personnel are permanent employees of our Company.

Name	Designation	Age (Years)	Qualification	Total Exp.	Date of Joining	Previous Employment
Mr. Bhudev Tyagi	General Manager - Sourcing & Planning	42	M.Com, DBM	21	June 11, 2008	Vishal Retail India Limited
Mr. B P Trivedi	General Manager- Production	47	B.A.	25	October 01, 2003	Mahajan Overseas
Mr. Omesh Sehgal	General Manager- Marketing (LaFanso)	42	MBA	22	July 17, 2008	Priknit Retail India Limited
Mr. Rajesh Rohilla	General Manager (Finance & Accounts)	38	B.Com, FCA	13	November 01, 2008	Givo Retail Limited
Ms. Rekha Grover	Company Secretary and Head – Legal	27	M.Com, ACS, LLB	3	May 15, 2008	Mobisoc Technology Private Limited

Name	Designation	Age (Years)	Qualification	Total Exp.	Date of Joining	Previous Employment
Mr. Sanjeev Srivastava	General Manager – R&D	41	B.Com	22	April 01, 2003	Mareon Clothing Co.
Mr. Manjit Singh	HR Manager	47	MBA, PGDM(IR)	25	March 25, 2009	Science Wizard Corporation
Mr. Parmod Garg	Manager MIS	27	MBA	6	September 1, 2003	-
Mr. Deepak Singla	Marketing Manager	41	B.Sc	19	September 24, 2007	Singla Eximo Pvt. Ltd.
Mr. Puneet Chhabra	EDP Manager	34	B.Com, MCA	9	July 23, 2007	C.T.C Plaza
Mr. Rishikesh Sharma	Advertisement Manager	36	B. Sc., PGDMC	9	February 1, 2009	Vishal Retail India Limited
Mr. Kapil Prashar	Finance Manager	38	B.Com	17	April 1, 2003	High Sky Trade Links Pvt. Ltd.
Mr. Rajender Prasad Sharma	Audit Manager	45	B.Com, LLB	20	April 1, 2003	Bumah Project Pvt. Ltd.
Mr. Sushil Tayal	Logistic Manager	44	B.Com	13	January 1, 2009	In business

Brief profile of the Key Managerial Personnel of our Company is as follows:

Mr. Bhudev Tyagi, General Manager -Sourcing & Planning is Master's in Commerce and a Diploma in business management from IMT Ghaziabad. He is having more than 21 years of experience in the field of marketing and retail sales and operation. He is looking after sourcing of fabrics and responsible for negotiations and relationships with 3rd party manufacturers.. Prior joining to us, he was working as Assistant General Manager – Men's division at Vishal Retail Limited. His CTC is Rs. 0.90 millions per annum.

Mr. B P Trivedi, is an arts graduate, having 25 years of experience in the garment industry. Presently he is General Manager (Production) in our Company. Prior to joining our Company, he was employed with M/s Mahajan Overseas. His CTC is Rs. 0.42 millions per annum.

Mr. Omesh Sehgal, is MBA from Indira Gandhi Open University. He has 22 years of experience in marketing and business development. Presently he is working as General Manager (Marketing) for our LaFanso brand. He joined our Company in August 17, 2008 and is responsible for marketing & business development of our LaFanso brand. Previously, before joining our company he was working as Head retail for Priknit Retails Limited. His CTC is Rs. 1.98 millions per annum.

Mr. Rajesh Rohilla, B.Com and FCA, having over 13 years of experience in Corporate Compliances, Corporate Taxation, strategic planning and account management. He joined our Company in November 2008 and is presently functioning as General Manager (Finance & Accounts). He is responsible for entire finance activity of our company. His CTC is Rs. 0.60 millions per annum.

Ms. Rekha Grover, M.Com, ACS and LLB, having 3 years of experience in the field of Legal and Corporate Compliances. Prior joining to us, she was working with Mobisoc Technology Private Limited. Presently she is working as Company Secretary and Head Legal of our company. Her CTC is Rs. 0.60 millions per annum.

Mr. Sanjeev Srivastava, B.Com from University of Delhi, is having 22 years of experience in the field of garment Designing. He is working with our Company for last 6 years and is presently looking after sourcing of fabric and process as General Manager. Prior to joining our Company, he was working with Mareon Clothing Co. His CTC is Rs. 0.58 millions per annum.

Mr. Manjit Singh, MBA and a diploma in personal management & industrial relation., is working as HR Manager with our Company since April 2007. He has a total experience of 25 years in Human Resource Department in FMC and Garments industry. His CTC is Rs. 0.36 millions per annum.

Mr. Parmod Garg, B.Com and MBA, having 6 years of experience in the field of accounts, finance, costing, audit. MIS reporting. He is working with our Company as MIS Manager. His CTC is Rs. 0.24 millions per annum.

Mr. Deepak Singla, a science graduate having 19 years of experience in the industry. Presently he is employed as Marketing Manager of our Company. Prior to joining our Company, he was employed with Singla Eximo Pvt. Ltd.. He is responsible for marketing & business development of our company products. His CTC is Rs. 0.48 millions per annum.

Mr. Puneet Chhabra, is MCA having 9 years of experience in the IT related matters. Prior to joining our Company, he was working as IT Manager and Head Accountant for C.T.C Plaza, Delhi. He is EDP Manager & responsible for IT solutions for our company. His CTC is Rs. 0.36 millions per annum.

Mr. Rishikesh Sharma, is a science graduate and is having a Post Graduate Diploma in Mass Communication. He has a total experience of 9 years in Advertisement industry. He is Manager Advertisement and is responsible for advertising strategy of our Company. His CTC is Rs. 0.30 millions per annum.

Mr. Kapil Prashar, B.Com, having 17 years of experience in the filed of finance and accounts. He is working with our Company for last 6 years and is presently looking after the Accounts Department as Finance Manager - Accounts. Prior to joining our Company, he was working with High Sky Trade Links Pvt. Ltd.. His CTC is Rs. 0.36 millions per annum.

Mr. Rajender Prasad Sharma, B.Com and LLB, is having 20 years of experience in the field of accounts, finance, and audit. He is working with our Company as Audit Manager and is associated with us for last 6 years. He is responsible as internal auditor of our company. His CTC is Rs. 0.36 millions per annum.

Mr. Sushil Tayal, B.Com having 13 years of experience in the field of warehousing and logistics operations. He is working with our Company as Logistic Manager. His CTC is Rs. 0.42 millions per annum.

We confirm that the service contracts entered into with our Key Management Personnel does not provide for any benefit upon termination of employment except the retirement benefits payable to them as Provident Fund, Superannuation and Gratuity as per the policies of our Company. Except the normal incentive scheme of the Company, there is no specific incentive sharing plan for the Key Managerial Personnel.

None of the Key Managerial Personnel holds any shares in our Company. Non of the Key Managerial Personnel of our Company is related to each.

Changes in Key Management Personnel during the last three years

Name	Designation	Date of Appointment	Date of Cessation
Mr. Venu Gopal	General Manager	November 21, 2006	March 31, 2008
Mr. Naveen Dalal	Operation Head Retail	December 20, 2007	July 30, 2008
Mr. Sunil Garg	Manager Finance & Accounts	October 5, 2007	December 31, 2008
Mr. Manjit Singh	HR Manager	September 1, 2007	May 31, 2008
Mr Vivek Gour	HR Manager	June 17, 2008	January 31, 2009
Mr. Manjit Singh	HR Manager	March 25, 2009	

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel is holding any shares in our Company.

Interest of Key Managerial Personnel

No key Managerial Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Employee Stock Option Scheme / Employees Stock Purchase Scheme

Presently, we do not have any Employee Stock Option Scheme / Employees Stock Purchase Scheme

Payment or benefit to officers of the Company

Except the payment of salaries and perquisites, the Company does not make any payments to its officers.

OUR PROMOTERS

The Promoters of our company are Mr. Vijay Bansal and Mr. Deepak Bansal.

1. Mr. Vijay Bansal



Passport No.	: E 3948668 issued on 06/02/2003
Voter ID	: DL/03/018/204560 issued on 03/04/1995
PAN	: AHJPB3075C
Bank a/c No.	: 1581140000696 with HDFC Bank, N N Tower, Near Rani Bagh, Pitampura, New Delhi

Mr. Vijay Bansal, 51 years, is a Chairman and Managing Director of our company. He is a Graduate from Kurukshetra University. He has an overall experience of 20 years in Garment and Garment Accessories business. He is the founder promoter of our Company. He promoted Kapish Products Private Limited in 1989 and there after launched Cantabil brand in 2000. He has been instrumental in strategic planning and business development of our company including establishment of our Brand “Cantabil” and “Lafanso”. He is responsible for the overall management and supervision of the business of our Company. He was conferred with Delhi Udyog Ratan Award 2008 by Government of Delhi

2. Mr. Deepak Bansal



Passport No.	: E 3948904 issued on 07/02/2003
PAN	: AFXPB6400M
Bank a/c No.	: 01581140000721 with HDFC Bank, N N Tower, Near Rani Bagh, Pitampura, New Delhi

Mr. Deepak Bansal, 26 years, is a Whole time Director of our company. He is a graduate in Mathematics from Delhi University. As a Director, he is responsible for diversifying the business of the company and for preparing marketing strategy and advertisement for our products. He has been actively involved in setting up of 200 retail outlets in recent times all over India. He has an overall experience of 5 years in Retail apparel industry.

Other confirmation

We confirm that the details of the permanent account numbers, bank account numbers of our individual promoters has been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges. Further, our Promoters have confirmed that they have not been declared as willful defaulters by the RBI or any other Governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Common Pursuits

None of the Promoter Group Company is engaged in activities similar to our business.

Interest of Promoters

All the Promoters shall be deemed as interested to the extent of Equity Shares held by them or by the companies / firms / ventures promoted by them, if any, and dividend or other distributions payable to them in respect of the said Equity Shares. Except as stated above and in the section titled “Related Party Transactions” on page [●] of this Draft Red Herring Prospectus, and to the extent of shareholding

in our Company, our Promoters do not have any other interest in our business.

Payment of benefits to our Promoters during the last two years

Except as stated in the chapter titled “Related Party Transactions” on page [●] of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus.

Related party transactions

For details of related party transactions, see the chapter titled “Related Party Transactions” on page [●] of this Draft Red Herring Prospectus.

Litigation

For details regarding litigation involving Promoters, see the chapter titled “Outstanding Litigation and Material Developments”, on page [●] of this Draft Red Herring Prospectus.

OUR PROMOTER GROUP

Given below is the list of entities promoted / owned by our Promoters which forms part of our Promoter Group". All the Promoter Group Companies are unlisted and have not made any public issue in the preceding three years. None of the Promoter Group Company has become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up or liquidation. For details on litigations and disputes pending against the Promoter Group Entities please refer to the section titled "Outstanding Litigations and Material Developments" on page [●] of this Draft Red Herring Prospectus.

1. Dolphin Packaging Private Limited
2. Romano Fashions Private Limited

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

Name of Person	Relationship
Mrs. Veera Devi	Mother of Mr. Vijay Bansal
Mr. Deepak Bansal	Son of Mr. Vijay Bansal
Ms. Swati Gupta	Daughter of Mr. Vijay Bansal

Promoter Group Entities

1. Romano Fashions Private Limited

Date of Incorporation	July 11, 1996
CIN	U1810DL1996PTC080311
Registered Office	B – 47, First Floor, Lawrence Road Industrial area, Delhi – 110035
Main objects	To carry on the business of manufacturers, importers, exporters and dealers in Men's, Women's and Children's Clothing, wearing apparel, leather goods, all kinds of Garments and hosiery wears, carpets, blankets and other similar items of cotton, wool etc.

Board of Directors as on August 31, 2009

Mr. Vijay Bansal	Director
Mr. Deepak Bansal	Director
Mr. Amit Bansal	Director

Shareholding Pattern as on August 31, 2009

Name	No. of shares held	%age of Shareholding
Mr. Suresh Chand Bansal	13,090	7.51
Ms. Seema Singhal	5	0.02
Mr. Vijay Bansal	209	0.12
Ms. Monika Jain	4,000	2.30
Mr. Amit Bansal	70,005	40.18
Mr. Deepak Bansal	14,891	8.54
Vijay Bansal HUF	72,000	41.33
Total	174,200	100.00

Financial performance

The audited financial results of Romano Fashions Private Limited for the financial years ended March 31, 2009, 2008 and 2007 are set forth below.

(Rs. in millions)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Total Income	28.75	66.04	67.18
Profit after Tax	(0.02)	1.35	1.03
Equity share capital	1.74	1.74	1.74
Share application money	-	-	-
Reserves & Surplus (net of miscellaneous expenditure)	8.32	8.34	6.99
Net Worth	10.06	10.09	8.73
Book Value per share of face value Rs. 10/- each (in Rs.)	57.75	57.90	50.12
Earning per share of face value Rs. 10/- each (in Rs.)	(0.11)	7.78	5.93

2. KPS Products Private Limited

Date of Incorporation	December 04, 2008
CIN	U1810DL2008PTC185521
Registered Office	B – 47, First Floor, Lawrence Road Industrial area, Delhi – 110035
Main objects	To carry on the business of manufacturers, importers, exporters, fabrications and dealers in Men's, Women's and Children's Clothing, wearing apparel, fashion wears made from cotton, synthetic, wool, worsted materials, leather and all kinds of Garments and hosiery wears, to deal in plant and machinery used for carrying on the business.

Board of Directors as on August 31, 2009

Mr. Vijay Bansal	Director
Mr. Deepak Bansal	Director

Shareholding Pattern as on August 31, 2009

Name	No. of shares held	%age of Shareholding
Mr. Vijay Bansal	8,000	80.00
Mr. Deepak Bansal	2,000	20.00
Total	10,000	100.00

Financial performance

The audited financial results of KPS Products Private Limited for the financial years ended March 31, 2009 (since incorporation of the company) are set forth below.

(Rs. in millions)

Particulars	March 31, 2009
Total Income	-
Profit after Tax	(0.05)
Equity share capital	0.10
Share application money	-
Reserves & Surplus (net of miscellaneous expenditure)	-
Net Worth	0.05
Book Value per share of face value Rs. 10/- each (in Rs.)	5.40
Earning per share of face value Rs. 10/- each (in Rs.)	(4.60)

3. Vijay Kumar Bansal HUF

Date of Formation December 04, 2008
 Correspondence Address 174, Rajdhani Enclave, Pitampura, New Delhi
 Main business This HUF is not carrying any business activity.

Financial Performance

The financial details of Vijay Kumar Bansal (HUF) for the year ended March 31, 2009, 2008 and 2007 are set forth below

(in millions)			
Particulars	31/3/2009	31/3/2008	31/3/2007
Total Income	0.23	0.23	0.16
Capital	1.81	1.48	1.21

Companies / Ventures with which our Promoters have disassociated during the last three years

Name of the Company from which Promoters have disassociated	Reasons for disassociation	Date of disassociation
Dolphin Packaging Private Limited	Sale of investment to concentrate on the core business activities	July 14, 2009

Payment of benefits to our Promoters during the last two years

Except as stated under Related Party Transactions appearing under the Section “Financial Statements on page [●] of the Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus.

Companies / Ventures with which the promoters have disassociated in the last three years

Our Promoters have not dis-associated from any company / venture during the last three years.

Related party transactions

For details of related party transactions, see the chapter titled “Financial Statements” on page [●] of the Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends, if any will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company. No dividend has been declared by our Company since inception.

The amounts not paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

FINANCIAL STATEMENTS

AUDITORS' REPORT

To
The Board of Directors,
CANTABIL RETAIL INDIA LTD.
B-47, 1ST FLOOR,
LAWRENCE ROAD INDUSTRIAL AREA,
NEW DELHI-110035

Dear Sirs,

We have examined the attached financial information of **CANTABIL RETAIL INDIA LTD.**, as approved by the Board of Directors of the Company for the financial years ended on March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008 and March 31, 2009 proposed to be included in the Offer Document/Red Herring Prospectus issued by the Company in connection with its proposed Public Issue of equity shares and prepared in accordance with:

- (a) Terms of the Paragraph B(1), Part II of schedule II of the Companies Act, 1956;
- (b) Securities Exchange Board of India (Issue Of Capital and Disclosure Requirements) Regulations, 2009 as amended to the date and issued by Securities and Exchange Board of India ("SEBI") in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and
- (c) The terms of engagement agreed upon with you in accordance with our engagement letter dated 23rd September 2009, requesting us to carry out work, proposed to be included in the Offer Document/Red Herring Prospectus issued by the Company in connection with its proposed Public Issue of equity shares.

FINANCIAL INFORMATION AS PER AUDITED FINANCIAL STATEMENTS:

- (1) We have examined the attached 'Restated Summary Statement of Assets and Liabilities' of the Company for the financial years ended on March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008 and 31 March 31, 2009 (**Annexure I**) and the attached 'Restated Summary Statement of Profit & Losses' for the years ended on those dates (**Annexure II**) together, referred to as 'Summary Statements'. The summary statements have been extracted from the financial statements of the years ended 31st March 2005, 31st March 2006, 31st March 2007, 31st March 2008 and 31st March 2009 have been adopted by the Board of Directors/Members and audited by us.
- (2) Based on our examination of these summary statements, we state that:
 - The Restated Profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-grouping as in our opinion are appropriate in the year to which they relate.
 - The Summary Statements have to be read in conjunction with the notes given in Annexure to this report.
 - There are no qualifications in the auditor's report that require adjustments to the Summary Statements.
 - The extra ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed.
- (3) The summary of significant accounting policies adopted by the Company pertaining to the financial statements as at March 31, 2009 are disclosed in Annexure IV.
 - Adjustments for the changes in accounting policies retrospectively in respective financial years, if any, to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
 - Adjustments for the material amounts in the respective financial years to which they relate.
 - All figures for financial year ended ended on 31.03.2008 stated herein have been derived from Merged Audited Financial Statements prepared from stand alone financial statement of the company as prepared before order of merger and stand alone financial statement of earstwhile

company Cantabil International Pvt. Ltd. merged in the company through scheme of amalgamation ordered by Hon'ble Court vide order dated 23rd Oct., 2008 directing effective date of merger as 1st April, 2007

- And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

OTHER FINANCIAL INFORMATION:

- (1) We have also examined the following other financial information annexed to in this report, prepared by the management and approved by the Board of Directors, relating to the company for the year ended 31st March 2009 , 31st March 2008, 31st March 2007, 31st March 2006 and 31st March 2005 these information have been included.

S. No.	Annexures	Annexure No.
1	Cash Flow Statements	Annexure III
2	Related Party Disclosures	Annexure V
3	Statement of Investments	Annexure VI
4	Sundry Debtors	Annexure VII
5	Loans and Advances	Annexure VIII
6	Secured Loan	Annexure IX
7	Unsecured Loans	Annexure X
8	Contingent Liabilities	Annexure XI
9	Statement showing details of other Income	Annexure XII
10	Summary of Accounting Ratios	Annexure XIII
11	Capitalization Statements	Annexure XIV
12	Computation of Deferred Tax Asset / Liability	Annexure XV
13	Statement of Tax Shelter	Annexure XVI

- (2) In our opinion the 'financial information as per audited financial statements' and 'other financial information' as mentioned above read along the Significant Accounting policies and Notes to Accounts prepared, after making adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Companies Act and Security And Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009.
- (3) This report should not in any way be construed as a re-issuance or redrafting of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial information referred to herein.
- (4) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed offer document. Our report should not be used for any other purpose except with our consent in writing.

For Suresh & Associates
Chartered Accountants

Suresh K. Gupta
Partner
M. No. 80050

Place: New Delhi
Date: Sept 23, 2009

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Annexure I
In Rupees Millions

PARTICULARS	For the Financial Year ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
A. FIXED ASSETS					
Gross Block	144.81	80.10	14.13	5.90	3.83
Less: Depreciation	34.15	18.47	3.42	2.44	1.80
Net Block	110.66	61.62	10.72	3.47	2.03
Capital Work in Progress	20.11	-	-	-	-
B. INVESTMENTS	0.51	0.51	-	-	-
C. CURRENT ASSETS, LOANS & ADVANCES					
Inventories	568.46	325.47	107.65	41.74	27.64
Sundry Debtors	306.42	117.30	83.40	24.46	12.92
Cash and Bank Balances	9.44	9.45	0.17	1.54	0.79
Loans and Advances	137.19	77.87	27.45	11.72	4.68
Total	1,021.51	530.08	218.66	79.46	46.02
D. LIABILITIES & PROVISIONS					
Secured Loans	438.34	320.31	59.39	15.42	11.26
Unsecured Loans	7.03	5.00	-	8.37	7.20
Deferred Tax Liability / (Asset)	(2.04)	(1.49)	(1.31)	(0.09)	0.07
Current Liabilities	502.81	147.27	94.85	31.26	21.48
Provisions	58.63	33.94	27.16	9.58	1.45
Total	1,004.78	505.03	180.09	64.53	41.45
NET WORTH (A+B+C-D)	148.00	87.18	49.29	18.40	6.60
REPRESENTED BY					
E. SHARE CAPITAL					
Equity Share Capital	50.94	50.94	4.85	4.70	4.70
Total	50.94	50.94	4.85	4.70	4.70
F. RESERVES AND SURPLUS					
Profit and Loss Account	95.72	35.21	43.10	13.71	1.91
Share Premium Account	1.35	1.35	1.35	-	-
Total	97.07	36.56	44.45	13.71	1.91
H. Less : Miscellaneous expenditure (not written off)	-	0.31	0.01	0.02	0.02
NET WORTH (E+F-H)	148.00	87.18	49.29	18.40	6.60

STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

Annexure II
In Rupees Millions

PARTICULARS	For the Financial Year ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
A. INCOME					
Sales:					
Goods Manufactured	1,105.25	592.29	359.34	203.19	92.00
Goods Traded	267.68	137.78	82.05	23.84	11.99
Other Income	10.31	3.51	2.33	0.22	0.36
Increase / (Decrease) in Stock	218.24	166.92	60.25	13.53	0.42
Total	1,601.48	900.51	503.96	240.78	104.76
B. EXPENDITURE					
Material Consumed and Cost of Goods Sold	898.90	579.54	345.54	163.74	74.95
Employees Cost	72.35	30.39	8.43	5.44	3.40
Selling & Distribution Expenses	311.51	126.48	87.12	46.57	20.45
Operating & Administration Expenses	149.24	84.58	14.48	4.45	2.60
Financial Expenses	17.96	6.26	0.53	0.15	0.10
Miscellaneous expenditure Written off	0.31	0.00	0.00	0.00	0.00
Total	1,450.28	827.25	456.11	220.37	101.50
Profits Before Depreciation, Interest & Tax (A - B)	151.19	73.25	47.85	20.41	3.27
Interest	39.58	19.22	3.24	1.12	1.58
Profits Before Depreciation & Tax	111.61	54.04	44.61	19.29	1.69
Depreciation	16.08	9.32	0.98	0.63	0.56
Profits Before Tax	95.53	44.72	43.63	18.65	1.13
Less:					
Current Year's Tax	32.99	15.79	16.23	6.87	0.34
Deferred Tax Liability / (Asset)	(0.55)	(0.26)	(1.21)	(0.16)	0.06
Fringe Benefit Tax	0.97	0.60	0.21	0.14	-
Excess Tax Paid/Provisions Written back for the previous year	-	0.04	0.99	(0.00)	0.00
Profits After Tax	62.13	28.63	29.39	11.80	0.74
Less:					
Profits After Tax	62.13	28.63	29.39	11.80	0.74
Balance brought forward from Previous Year	35.21	43.10	13.71	1.91	1.18
(Add)/Less: Exceptional Items	1.62	4.72	-	-	-
Less: Capitalisation of Reserves (Bonus Issue)	-	41.25	-	-	-
BALANCE CARRIED TO SUMMARY OF ASSETS & LIABILITIES	95.72	35.21	43.10	13.71	1.91

CASH FLOW STATEMENT AS RESTATED

Annexure III
In Rupees Millions

PARTICULARS	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
A. NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	95.53	44.72	43.63	18.65	1.13
Adjustment for :					
Depreciation	16.08	9.32	0.98	0.63	0.56
Profit on sale of investment/fixed assets	3.57	-	0.96	-	0.12
Miscellaneous expenses written off	0.31	0.00	0.00	0.00	0.00
Excess Provision For Income Tax Written back	-	0.04	0.99	(0.00)	0.00
OPERATING PROFIT BEFORE CHANGES IN CURRENT ASSETS & LIABILITIES	108.35	54.08	44.65	19.29	1.58
Adjustment for :					
Increase in sundry debtors	189.12	33.90	58.94	11.54	(1.17)
Increase in stock	242.99	217.82	65.91	14.10	3.69
Increase in loans and advances	59.31	50.43	15.72	7.05	3.74
Increase in Current liabilities	355.54	52.43	63.59	9.78	2.51
Increase in provisions	24.69	6.78	17.58	8.13	(0.02)
Increase in extraordinary item on merger	1.62	9.94	-	-	-
CASH GENERATED FROM OPERATIONS	(4.46)	(178.92)	(14.75)	4.51	(2.20)
Fringe Benefit tax	0.97	0.60	0.21	0.14	-
Current tax	32.99	15.79	16.23	6.87	0.34
NET CASH FROM OPERATING ACTIVITIES	(38.42)	(195.31)	(31.20)	(2.51)	(2.55)
B. CASH FLOW FROM INVESTING ACTIVITIES					
Investment in shares	-	0.51	2.17	-	-
Sale of equity shares	-	-	3.13	-	-
Purchase of Fixed Assets	66.25	65.96	8.43	2.07	0.74
Sale of Fixed Assets	4.71	-	0.20	-	0.65
Capital Work in progress	20.11	-	-	-	-
utilisation of reserves for bonus shares	-	41.25	-	-	-
NET CASH USED IN INVESTING ACTIVITIES	(81.65)	(107.72)	(7.27)	(2.07)	(0.10)
	-	-	-	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES					
Incrasement in equity Shares	-	46.08	1.50	-	-
Proceeds from secured loan	118.03	260.93	43.97	4.16	0.61
Proceeds from unsecured loan	2.03	5.00	(8.37)	1.17	1.89
MISC exp incurred	-	0.30	-	-	0.02
NET CASH FLOW USED IN FINANCING ACTIVITIES	120.07	312.31	37.10	5.33	2.48
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(0.00)	9.28	(1.37)	0.75	(0.17)
OPENING CASH AND CASH EQUIVALENTS	9.45	0.17	1.54	0.79	0.96
	-	-	-	-	-
CLOSING CASH AND CASH EQUIVALENTS	9.44	9.45	0.17	1.54	0.79

Annexure IV

NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED, FOR CANTABIL RETAIL INDIA LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION OF FINANCIAL STATEMENT ACCOUNTING \

The Financial Statements are prepared under the historical cost convention and accrual basis of accounting and comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 of India.

All incomes, revenue, expenses, assets and liabilities having a material bearing on the financial statements are recognized on accrual basis.

Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles followed by the Company.

b) USE OF ESTIMATES

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual figures and estimates are recognized in the period in which they result / materialize.

c) REVENUE RECOGNITION

- (i) Income from Interest on Fixed Deposit has been recognized on accrual basis.
- (ii) Revenue excludes VAT and sales Tax.

d) FIXED ASSETS

Fixed Assets have been stated at acquisition cost, (net of Cenvat / Modvat, if any) including directly attributable cost of bringing them to their respective working conditions for the intended use, less accumulated depreciation thereupon.

e) DEPRECIATION

- (i) Depreciation has been provided on Written Down Value Method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation on additions / deletions to fixed assets is provided on pro-rata basis from / upto the date the asset is put to use/discarded.
- (iii) Assets costing less than Rs. 5,000/- have been depreciated fully in the year of acquisition.

f) Investments

The investments are classified as Long-Term Investments and Current Investments. Investments, which are intended to be held for one year or more, are classified as Long Term Investments and investments, which are intended to be held for less than one year, are classified as Current Investments. Long-term investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for. Current Investments are valued at cost or market price whichever is lower. The company has invested in Mutual Funds and in the shares of other companies, being in the nature of Long Term Investments and has accordingly have been valued at Cost price. The reduction in prices, if of permanent in nature is appropriately adjusted in terms of the Accounting Standard.

g) Foreign Exchange Transactions

- (i) Transactions in foreign currencies are recorded at the rates of exchange available nearest to time of occurrence of the transactions.
- (ii) Exchange differences arising on settlement of revenue transactions are recognized in the Profit and Loss Account.

(iii) Monetary items denominated in foreign currency are restated using the exchange rates prevailing at the date of the Balance Sheet and the resulting net exchange difference is recognized in the Profit and Loss Account, in accordance with AS-11 of ICAI.

h) Employee Benefits

- (i) Provident Fund is a defined contribution scheme and the contributions as required by the statute are charged to the Profit and Loss Account as incurred.
- (ii) Gratuity Liability is a defined obligation and is wholly unfunded. The company has accounted for future gratuity benefits as on 31.03.2009 based on an actuarial valuation.
- (iii) Company does not have a policy to encash earned leave of employees at the time of cessation of services except in certain specific cases specially sanctioned. No provision has, therefore been made in this regard.

i) Taxes on Income

- (i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- (ii) Deferred tax is recognized, in accordance with the Accounting standard 22, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (iii) Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income Tax Act, 1961 and the Guidance note on Accounting for Fringe Benefit Tax issued by the Institute of Chartered Accountants of India.

2. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

a) Summary

The reconciliation of Profit after Tax as per Audited Results and the Profit after Tax as per Restated Accounts is presented below in Table – 1. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit and loss:

TABLE – 1

In Rupees millions

Particulars	For the Financial Year / Period ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Profit After Tax (PAT) as per Audited Accounts	61.16	30.26	27.61	11.01	0.78
Adjustments for :	-	-	-	-	-
Change in Accounting Policies	-	-	-	-	-
Excess Deferred Tax Expense Recognized	0.04	(2.22)	2.19	0.08	(0.05)
Prior Period Adjustments	-	-	-	-	-
Operating and Administrative expenses	-	-	(0.44)	-	-
Provision for FBT	-	-	0.03	0.04	-
Provision for Income Tax	0.94	-	-	0.00	0.01
Prior Period Adjustments debited / (credited) to Profit and Loss Account	-	0.44	-	-	-
Profit After Tax as Restated	62.13	28.63	29.39	11.80	0.74

b) Current Tax and Deferred Tax impact on restatement

The profit and loss account of some years include amounts paid/ provided for or refunded back/written back, in respect of excess or shortfall income tax arising out of self assessments which has now been adjusted in the respective years' tax liability/ (asset).

Company has provided for Deferred Tax Liability / (asset) in accordance with provisions of AS-22 issued by ICAI, but any change arising out after submission of Tax returns has been adjusted in the respective year and the liability/ (asset) has been restated.

c) Prior Period Adjustments

The profit and loss account of all the financial years included some Prior Period Adjustments relating to the earlier years. The said adjustments have been adjusted in the respective years as is apparent from Table – 1.

d) Material Regroupings

Appropriate adjustments, wherever material, have been made in the Restated Summary Statements of Assets and Liabilities, Profits and losses, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the groupings as per the Audited Financials of the Company for the financial year ended on 31st March 2009 and the requirements of the guidelines issued by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time. Sundry Debtors are stated net of advances received from the respective debtor. The expenses have been regrouped as Employee Cost, Administration, Selling and Other Expenses and Interest and Financial Charges.

e) Segment Reporting:

No separate segments have, however, been reported as the company does not have more than one Business or Geographical Segments, within the meaning of Accounting Standard – 17, which differ from each other in risk and reward.

f) Dividend

The Company has not declared any Dividend during the periods reported in the Restated Accounts .

3. Auditors' Qualifications

There are no Audit qualification on Accounts restated and covered in this report and hence do not require any corrective adjustment in the financial information. However status of unpaid disputed statutory liabilities as reported at S. No. ix 9(c) under CARO in the year ended on 31st March 2009 is as under:

There are no disputed liability in respect of PF, ESI, Income Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other Statutory dues are outstanding as on 31st March 2009 except following Liabilities:

<i>S No.</i>	<i>Period of Demand</i>	<i>Amount Involved</i>	<i>Particulars of Demand</i>	<i>Authority where Appeal is Pending</i>
1	November 2003 to March 2004	4.38 Lacs	ESI on Job Work	Civil Court, Rohini, Delhi
2	2008-09	1.26 Lacs	Wages demanded by employees	Labour Court, Karkardooma Court, Delhi

The above amounts do not include interest and other dues as may be payable on account of non-payment / delay in payments of statutory dues, which could not be quantified.

Company is contesting the demands in respective Courts.

Annexure V

Related Parties Relationships pursuant to Accounting Standard-18 for the Financial Year 2004-05 are as follows:

Name of the Party	Relationship	Related as per AS-18
Vijay Bansal	Key Management Personnel	Para 3 (d)
Vijay Bansal H.U.F	Relative	Para 3 (d)
Sushila Bansal	Relative	Para 3 (d)
Seema Singhal	Relative	Para 3 (d)
Deepak Bansal	Key Management Personnel	Para 3 (d)

Transactions with Related Parties pursuant to Accounting Standard-18 for the Financial Year 2004-05 are as follows:

Particulars	Relationship	Transaction	Amount (in millions)
Vijay Bansal	Key Management Personnel	Salary	0.16
		Interest	0.01
Vijay Bansal H.U.F	Relative	Interest	0.05
Sushila Bansal	Relative	Salary	0.12
Seema Singhal	Relative	Interest	0.00
Amit Bansal	Relative	Salary	0.10
		Interest	0.01
Deepak Bansal	Key Management Personnel	Salary	0.21

Related Parties Relationships pursuant to Accounting Standard-18 for the Financial Year 2005-06 are as follows:

Name of the Party	Relationship	Related as per AS-18
Vijay Bansal	Key Management Personnel	Para 3 (d)
Vijay Bansal H.U.F	Relative	Para 3 (d)
Sushila Bansal	Relative	Para 3 (d)
Preeti Jain	Relative	Para 3 (d)
Amit Bansal	Relative	Para 3 (d)
Deepak Bansal	Key Management Personnel	Para 3 (d)

Transactions with Related Parties pursuant to Accounting Standard-18 for the Financial Year 2005-06 are as follows:

Particulars	Relationship	Transaction	Amount (in millions)
Vijay Bansal	Key Management Personnel	Salary	0.44
		Interest	0.01
Vijay Bansal H.U.F	Relative	Interest	0.05
Sushila Bansal	Relative	Salary	0.30
Preeti Jain	Relative	Interest	0.03
		Salary	0.10
Amit Bansal	Relative	Interest	0.01
Deepak Bansal	Key Management Personnel	Salary	0.24

Related Parties Relationships pursuant to Accounting Standard-18 for the Financial Year 2006-07 are as follows:

Name of the Party	Relationship	Related as per AS-18
Vijay Bansal	Key Management Personnel	Para 3 (d)
Vijay Bansal H.U.F	Relative	Para 3 (d)
Sushila Bansal	Relative	Para 3 (d)
Preeti Jain	Relative	Para 3 (d)
Amit Bansal	Relative	Para 3 (d)
Deepak Bansal	Key Management Personnel	Para 3 (d)
Neha Jindal	Relative	Para 3 (d)
Romano Fashions Pvt. Ltd.	Company in Which Key Management Personnel are Interested	Para 3 (e)

Transactions with Related Parties pursuant to Accounting Standard-18 for the Financial Year 2006-07 are as follows:

Particulars	Relationship	Transaction	Amount (in millions)
Vijay Bansal	Key Management Personnel	Salary	5.46
		Interest	0.00
		Rent	1.51
Vijay Bansal H.U.F	Relative	Interest	0.02
			-
Sushila Bansal	Relative	Salary	0.36
		Rent	1.51
Preeti Jain	Relative	Interest	0.01
Amit Bansal	Relative	Salary	0.11
Deepak Bansal	Key Management Personnel	Salary	0.50
Neha Jindal	Relative	Interest	0.00
Romano Fashions Pvt. Ltd.	Company in Which Key Management Personnel are Interested	Purchase	6.82

Related Parties Relationships pursuant to Accounting Standard-18 for the Financial Year 2007-08 are as follows:

Name of the Party	Relationship	Related as per AS-18
Vijay Bansal	Key Management Personnel	Para 3 (d)
Sushila Bansal	Relative	Para 3 (d)
Amit Bansal	Relative	Para 3 (d)
Deepak Bansal	Key Management Personnel	Para 3 (d)
Neha Jindal	Relative	Para 3 (d)
Romano Fashions Pvt. Ltd.	Company in Which Key Management Personnel are Interested	Para 3 (e)

Transactions with Related Parties pursuant to Accounting Standard-18 for the Financial Year 2007-08 are as follows:

Particulars	Relationship	Transaction	Amount (in millions)
Vijay Bansal	Key Management Personnel	Salary	9.77
		Rent	1.94
Sushila Bansal	Relative	Salary	0.30
		Rent	2.02
Amit Bansal	Relative	Salary	0.09
		Salary	1.20
Deepak Bansal	Key Management Personnel	Rent	0.72
Neha Jindal	Relative	Interest	0.04
Romano Fashions Pvt. Ltd.	Company in Which Key Management Personnel are Interested	Purchase	2.66

Related Parties Relationships pursuant to Accounting Standard-18 for the Financial Year 2008-09 are as follows:

Name of the Party	Relationship	Related as per AS-18
Vijay Bansal	Key Management Personnel	Para 3 (d)
Sushila Bansal	Relative	Para 3 (d)
Deepak Bansal	Key Management Personnel	Para 3 (d)
Suresh Chand Bansal	Relative	Para 3 (d)
Amit Bansal	Relative	Para 3 (d)
Romano Fashions Pvt. Ltd.	Company in Which Key Management Personnel are Interested	Para 3 (e)

Transactions with Related Parties pursuant to Accounting Standard-18 for the Financial Year 2008-09 are as follows:

Particulars	Relation	Transaction	Amount (in millions)
Vijay Bansal	Key Management Personnel	Salary	4.83
			-
Sushila Bansal	Relative	Rent	0.38
		Salary	2.71
Deepak Bansal	Key Management Personnel	Rent	0.72
Amit Bansal	Relative	Rent	1.79
Suresh Chand Bansal	Relative	Rent	1.79
	Company in Which Key Management Personnel are Interested	Purchase	4.02
Romano Fashions Pvt. Ltd.		Rent	0.42

DETAILS OF INVESTMENTS, AS RESTATED

Annexure VI
In Rupees Millions

PARTICULARS	For the Financial Year ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
B. Unquoted Investments(AT COST)					
HDFC Mutual Fund	0.13	0.13	0.13	0.13	0.13
Standard chartered bank mutual fund	0.01	0.01	0.01	0.01	0.01
Others	0.37	0.37	0.37	0.37	0.37
Total	0.51	0.51	0.51	0.51	0.51

DETAILS OF SUNDRY DEBTORS, AS RESTATED

Annexure VII
In Rupees Millions

PARTICULARS	For the Financial Year ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Unsecured, Considered Good					
- Less than six months	294.72	115.27	81.08	19.86	10.99
- More than six months	11.70	2.03	2.32	4.60	1.93
Total	306.42	117.30	83.40	24.46	12.92

DETAILS OF LOANS AND ADVANCES, AS RESTATED

Annexure VIII
In Rupees Millions

PARTICULARS	For the Financial Year ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Advances recoverable in cash or kind or for value to be received	92.86	49.95	16.94	8.28	0.03
VAT	0.23	0.66	0.13	0.02	-
Advance Tax and TDS	44.09	27.27	10.40	3.22	0.38
Total	137.19	77.88	27.47	11.52	0.41

DETAILS OF SECURED LOANS, AS RESTATED

Annexure IX
In Rupees Millions

PARTICULARS	For the Financial Year ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
LOANS FROM BANKS					
Axis Bank	158.35	117.56	-	-	-
Axis Bank	43.31	48.09	-	-	-
Standard Chartered Bank	207.85	111.38	49.80	4.87	-
Standard Chartered Bank	4.63	4.69	-	-	-
Standard Chartered Bank	-	-	9.58	10.18	-
ICICI Home Finance Company Limited	6.33	6.93	-	-	-
HDFC Bank (Credit Card Loan)	11.67	31.67	-	-	-
Tata Capital Ltd. Car Loan	2.29	-	-	-	-
Tata Capital Ltd. Car Loan	2.29	-	-	-	-
HDFC Bank Car Loan	1.01	-	-	-	-
ICICI Bank Car Loan	0.62	-	-	-	-
HDFC Bank Cash Credit Limit	-	-	-	-	10.53
ICICI Bank Car Loan	-	-	-	0.36	0.73
Total	438.34	320.31	59.39	15.42	11.26

OUTSTANDING AS ON 31st MARCH 2008

In Rupees Millions

PARTICULARS	Amount	Rate of Interest	Securities Offered	Repayment Terms
	31.03.08			
LOANS FROM BANKS				
Axis Bank	158.35	BPLR -3.25% i.e 11.50% p.a Interst Payable Monthly subject to change from time to time	Secured against hypothecation of stock & collateral security given by Directors	On Demand
Axis Bank	43.31	PLR -2.25% i.e 12.75% p.a prevailing at the time of sanction of loan	Secured against Hypothication of Furniture & Fixure & collateral security given by Directors	84 EMI's Of Rs.9,02,820/-
Standard Chartered Bank	207.85	OD -11.75% variable p.a WCDL 10.75% variable p.a Term Loan 12% Variable p.a	Secured against hypothecation of stock & collateral security given by Directors	Interest Monthly Intervals Principal End of tenure for working capital demand loan which is 6 months with roll over option
Standard Chartered Bank	4.63	12.75% p.a or as the case may be at the time of disbursement	Secured against Hypothication of Furniture & Fixure & collateral security given by Directors	Monthly Installment of Rs. 59,820/- for 180 months
ICICI Home Finance Company Limited	6.33	8.25% on ICICI Bank floating reference rate + margin of 1% i.e effective rate of interest is 9.25%	Secured against collateral security given by Directors	120 Months
HDFC Bank (Credit Card Loan)	11.67	HDFC Bank PLR -3.50% p.a alongwith interest rate tax as and when applicable	Secured against collateral security given by Directors	Tenure 24 Months Interest on Monthly Basis
Tata Capital Ltd.	2.29	EMI of Rs.87183	Secured against hypothecation car	PDC
Tata Capital Ltd.	2.29	EMI of Rs.87183	Secured against hypothecation car	PDC
HDFC Bank	1.01	EMI of Rs.36190	Secured against hypothecation car	PDC
ICICI Bank	0.62	EMI of Rs.16145	Secured against hynothecation car	PDC

DETAILS OF UNSECURED LOANS, AS RESTATED**Annexure X***In Rupees Millions*

PARTICULARS	For the Financial Year ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Vijay Bansal (HUF)	0.33	0.30	-	0.44	0.40
Vijay Bansal	6.70	4.70	-	0.05	0.10
Sushila Bansal	-	-	-	(0.10)	0.26
Neha Jinadal	-	-	-	0.12	0.11
Preety Jain	-	-	-	0.25	0.23
R.P Sharma	-	-	-	-	0.09
Amit Bansal	-	-	-	-	0.17
Madhu Garg	-	-	-	-	0.31
Ganga Prasad Aggarwal	-	-	-	0.20	-
G.P Aggarwal And Sons	-	-	-	0.30	-
Sarswati Aggarwal	-	-	-	0.41	-
Nirmala Garg	-	-	-	0.33	-
Ram Avtar garg	-	-	-	0.38	-
R.A garg and sons	-	-	-	0.41	-
Total	7.03	5.00	-	2.80	1.67

DETAILS OF CONTINGENT LIABILITIES, AS RESTATED**Annexure XI***In Rupees Millions*

PARTICULARS	For the Financial Year / Period ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Guarantee given to Banks for borrowings by others	17.70	-	-	-	-
Case filed by employees	0.13	-	-	-	-
Demand raised by VAT Authorities for FY 2005-06, 2006-07 and 2007-08	10.01	-	-	-	-
Demand raised by ESIC but contested by Company	0.44	-	-	-	-
Total	28.27	-	-	-	-

DETAILS OF OTHER INCOME, AS RESTATED

Annexure XII
In Rupees Millions

PARTICULARS	For the Financial Year / Period ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Dividend Income		0.00	-	-	-
Interest Income	0.02	0.01	0.51	-	-
Short Term Capital Gains	3.69	-	0.96	-	-
Long Term Capital Gains	-	-	-	-	0.11
Rental income	0.01	0.01	0.01	0.06	0.13
Misc Receipt	6.47	2.00	0.34	0.16	0.12
Profit on trading of shares	-	-	-	-	-
Profit on sale of Investment	-	-	-	-	-
Foreign Exchange Fluctuation Gain	-	1.49	0.52	-	-
Total	10.20	3.51	2.33	0.22	0.36

STATEMENT OF ACCOUNTING RATIOS

Annexure XIII

PARTICULARS	For the Financial Year / Period ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Net Worth (Rs. In Millions)	148.00	87.18	49.29	18.40	6.60
Restated Earnings attributable to Equity Share Holders (Rs. In Millions)	62.13	28.63	29.39	11.80	0.74
No. of Equity Shares outstanding at the end of period	5,093,644	5,093,644	485,336	470,336	470,336
Weighted Average no. of Equity Shares outstanding during the year / period	5,093,644	4,368,024	4,368,024	4,233,024	4,233,024
<i>Earnings Per Share (EPS) (Face Value Rs. 10/- each)</i>					
Basic/Diluted Earnings per share (Rs.)	12.20	6.56	6.73	2.79	0.17
Return on Net Worth (%)	41.98	32.84	59.62	64.13	11.15
Net Assets Value per share of Rs. 10/- each	29.06	17.12	101.56	39.12	14.03

Formula:

Earning Per Share (Rs.) = Net Profit after Tax / Weighted No. of Equity Shares

Net Assets Value (Rs.) = Net Worth / No. of Equity Shares

Return on Net Worth (%) = Net Profit after Tax / Net Worth

The Company had issued bonus shares to the members in the ratio of 3:5 as on September 11, 2009. Since the same was issued after March 31, 2009, the same has not been considered in calculation of Accounting Ratios.

CAPITALIZATION STATEMENT
Annexure XIV
In Rupees Millions

PARTICULARS	Pre Issue As At 31.03.2009	Post Issue *
Borrowings		
Secured Loans	438.34	
Unsecured Loans	7.03	
Less: Short Term Debts	337.82	
Total long-term borrowings	107.56	-
Shareholders' Funds		
Equity Share Capital	50.94	
Reserves & Surplus		
Profit and Loss Accounts	94.52	
Securities Premium	1.35	
Total Shareholders' Funds	146.81	-
Debt / Equity Ratio	0.73	

Note: Short Term Debts are debts maturing within next one year and includes working capital limits outstanding

Note: The Company has issued 250,000 equity shares as preferential allotment at a price of Rs.20/- per share & 3,206,186 equity shares as fully paid bonus shares to existing shareholders as on September 11, 2009.

(*) Figures will be updated at the time of filling of prospectus with ROC.

COMPUTATION OF DEFERRED TAX ASSET / LIABILITY FOR THE YEAR ENDED**Annexure XV***In Rupees Millions*

Particulars	For the Financial Year / Period ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Timing Differences					
WDV as per Companies Act, 1956	110.66	61.62	10.72	3.47	2.03
WDV as per Income Tax Act, 1961	108.71	62.10	10.11	3.26	1.71
Disallowed U/S 43B/40(a)	3.96	2.29	3.24	-	-
Timind Difference On Leased Assets	-	-	-	-	-
Gratuity provided in books but allowable on payment basis	3.99	1.62	1.21	0.48	0.12
Total Timing Difference	(6.00)	(4.39)	(3.85)	(0.28)	0.20
Effective Tax Rates (%)	33.99%	33.99%	33.99%	33.66%	33.66%
					-
Tax on Timing Differences	(2.04)	(1.49)	(1.31)	(0.09)	0.07
Deferred Tax Liability / (Asset)	(2.04)	(1.49)	(1.31)	(0.09)	0.07

STATEMENT OF TAX SHELTERS

Annexure XVI
In Rupees Millions

Particulars	For the Financial Year / Period ended on				
	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Profit as Per P&L account	95.53	44.28	44.07	17.04	1.13
Less Income Considered Specially	(0.01)	(0.01)	(0.01)	(0.06)	(0.13)
Less: Profit on sale Of asset	(3.69)	-	-	-	(0.12)
Less Depreciation allowable U/s 32 of Income Tax Act	(17.01)	(8.11)	(1.39)	(0.52)	(0.74)
Add:	-	-	-	-	-
Depreciation charged to Profit & Loss account	16.08	9.32	0.98	0.63	0.56
Gratuity provided in books of Accounts	2.37	0.41	0.73	0.36	0.03
Prior Period item disallowed	-	0.44	-	-	-
Dissallowance u/s 40a(ia)	3.96	0.26	2.99	-	0.07
Dissallowances u/s 43B	-	2.03	0.25	-	-
others Dissallowances	2.11	1.32	0.60	0.10	0.03
	-	-	-	-	-
Expenses disallowed u/s 40a(ia) in earlier years now allowed	(2.29)	(3.07)	-	-	-
Expenses disallowed u/s 43B in earlier years now allowed	-	(0.42)	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Income From House Property	0.01	0.01	0.01	0.04	0.09
	-	-	-	-	-
Gross total Income	97.05	46.45	48.23	17.59	0.92
Deduction Under Chapter VI	-	-	-	-	0.01
Taxable Income	97.05	46.45	48.23	17.59	0.92
Long Term Capital Loss Carried Over	0.01	0.01	0.01	0.01	0.01
Normal Rate of Tax	0.00	0.00	0.00	0.00	0.00
Provision for Tax, Surcharge and Cess	32.99	15.79	16.23	5.92	0.34
Interest u/s 234A/B/C	0.75	0.10	0.89	0.39	0.01
Total Tax including Interest payable	33.74	15.89	17.13	6.32	0.35
Tax paid in relevant Financial year	29.50	26.66	10.15	3.00	0.37
Tax paid in subsequent Financial Year	4.24	0.86	6.98	3.31	-
Total Taxes paid	33.74	27.52	17.13	6.32	0.37
(Tax payable) / Refund Due	0.00	11.62	(0.00)	-	0.02

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our significant outstanding secured as on August 31, 2009

(Rs. in millions)

S. No	Name of the Lender	Nature of the Loan	Amount Sanctioned	Amount of Loan availed and outstanding	Date of Agreement/ Sanction Letter	Rate of Interest	Terms of Repayment
1.	Axis Bank	Normal Working Capital & FCDL	230.00	225.62	27.05.2009	BPLR-3.25% i.e. 11.50% p.a. payable monthly subject to change from time to time as decided by the Bank	On demand
2.	Axis Bank	Term Loan	50.00	40.88	13.10.2007	PLR-2.25% i.e. 12.75% p.a. prevailing at the time of sanction of loan	84 EMI's of Rs. 9,02,820
3.	Standard Chartered Bank	WCDL + Normal WC+ Term Loan	230.00	240.00	23.06.2009	OD – 11.75% variable p.a. WCDL-10.75% variable p.a. TL – 12.00% variable p.a.	<u>Interest</u> – Monthly interval <u>Principle</u> – End of tenure for working capital demand loan which is 6 months with roll over option
4.	Standard Chartered Bank	Loan against property	4.79	4.43	11.04.2007	12.75% p.a. or as the case may be at the time of disbursement	Monthly installment of Rs. 59,820/- for 180 months
5.	ICICI Home Finance Company Limited	Home Finance	8.19	5.82	10.12.2004	8.25% on ICICI Bank Floating Reference Rate plus margin of 1% i.e. effective rate of interest is 9.25%	120 months
6.	HDFC Bank (Credit Card Loan)	Term Loan	4 crore	33.33 Lacs	05.10.2007	HDFC Bank PLR – 3.5% p.a. along with interest rate tax as and when applicable.	Tenure 24 months Interest to be paid back monthly
7.	Tata Capital Ltd.	BMW Car Loan	27 Lacs	19.50 Lacs	30.09.2008	EMI of Rs.87,183/-	PDC
8.	Tata Capital Ltd.	AUDI Car Loan	27 Lacs	19.50 Lacs	30.09.2008	EMI of Rs.87,183/-	PDC
9.	HDFC Bank	Altis Car Loan	11 Lacs	9.10 Lacs	19.01.2009	EMI of Rs.36,190/-	PDC
10.	ICICI Bank	Verna Car Loan	6.87 Lacs	5.61 Lacs	31.07.2008	EMI of Rs.16,145/-	PDC

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, which appear in this Draft Red Herring Prospectus beginning on page [●]. You are also advised to read the Section titled "Risk Factors" beginning on page [●] of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. Unless otherwise stated, the financial information used in this Section is derived from our audited standalone financial statements under Indian GAAP, as restated. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the 12-month period ended March 31 of that year.

Overview

We are in the business of designing, manufacturing, branding and retailing of apparels under the brand names of "CANTABIL" and "La FANSO". We have a network of 381 exclusive retail outlets (as of August 31, 2009) spread across India.

We started our garments manufacturing and retailing business in 2000 and opened our first Cantabil store on September, 2000 in New Delhi. The "CANTABIL" brand with 206 exclusive retail outlets offers the complete range of formalwear, party-wear, casuals & ultracausal clothing for Men, Women and Kids in the middle to high income group. In the last 9 years, "CANTABIL" has become a complete family wear brand with addition of women's wear segment in 2007 and Kidswear segment in 2008. Sales from Cantabil brand has increased from Rs 730.07 million in fiscal year 2007-08 to Rs 1138.27 million in fiscal year 2008-09 and has contributed 82.91% of our total income in 2008-09. We launched our second brand "La FANSO" on 25th October 2008 and have 175 exclusive outlets. The "La FANSO" brand caters to men's segment in lower to middle income group and focuses on casual, ultra casual and formal wear. We are also retailing various accessories like ties, belts, socks, caps and handkerchief under our brands.

Presently we have 3 in-house manufacturing / finishing units and 4 warehouses located in Delhi. We also have 3 third party dedicated units manufacturing exclusively for us. We have fabricating arrangements with 94 manufacturing units to which we outsource cutting and stitching. Our manufacturing and finishing facilities are sufficiently backed by facilities for product development, design, fabric testing to ensure quality apparels for our customers. We are setting up a garment washing unit at Sonipat at a cost of Rs 22.09 million, which is under advance stage of implementation and is slated to start operation by end of March 2010. In order to meet our growth plans and to reduce our dependence on third party fabricators, we are proposing to set up a large integrated manufacturing facility at Bahadurgarh. For details of our proposed project, see the section titled "Object to the Issue" beginning on page [●] of this DRHP.

OUR STRENGTHS

We believe that the following are our principal competitive strengths, which differentiate us from other players in the apparel manufacturing and retailing industry:

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, styling or services. Understanding the customer is one of the most important skills required to be successful in our business. Our branded apparels are based on innovative designs relevant to Indian taste. Our promoters have over 20 years of experience in this field and understand the consumers' needs.

Strong In-House Design & Research team

Our design team understands that the design does not cover only the material product, but also creates an effect that is usually socio economic in nature. At ours, each season starts with "idea-seeds" that are planted in trials and proposals. The design and programming of product is carried out by the merchandising and designing department headed by our Director, Ms Swati Gupta, who is a NIFT graduate. We also have a team of professional designers recruited through renowned fashion institutions for understanding the colour, design and fashion forecasts for the fashion industry

Exclusive Brand Outlets

We operate on a model of marketing our apparels directly to consumers through a chain of EBOs of our brands “Cantabil” and La FANSO”. We focus our strategies and efforts to provide quality apparels at affordable price. We promote and position our brands with innovative marketing and advertising campaign. This business model enables our Company to reach directly to our customers and understand their needs and requirements. EBOs help us in establishment of brand recall value with the customers. We have developed a wide network of exclusive brand outlets across metros, tier I and tier II cities in India.

Personal Relationship at the Outlet Floor

We have experienced that improved customer service provides a tremendous boost to sales. Handing over the decision making in customer service to our outlet managers have empowered them to understand the customer better and address their needs and woo them in order to increase brand retention.

Apparel range catering to wide customer base

We manufacture and market apparels ranging from sophisticated formalwear and party-wear to casuals, ultracasuals and contemporary clothing for Men’s and formalwear and casual range for women and kids. Our apparel portfolio ranges from shirts, tops, trousers, suits, blazers, denims, T-shirts, pullovers, jackets, shorts, cargos and accessories like caps, belts, ties, socks etc. Majority of the products of our Company are targeted towards the customers in the age group from 20 - 45 years, which comprises 36.3% of the Indian population besides we are also expanding our Kidswear range for kids between 5-14 years who constitute 24.6% of the total population.

In-house integrated Capacity

We are an integrated apparel manufacturing and retail company with in-house capabilities for designing, sourcing of fabric and garment accessories, manufacturing and retailing of apparels. Our core competency lies in our designing and stringent quality control. We have a centralized purchasing system for sourcing of fabric directly from mills or from suppliers which helps us to reduce cost of inputs and maintain quality of fabrics.

Strong Management Team with Industry Specific Experience

We have strong management team with many years of hands on experience in the apparel industry. Our promoter directors Mr Vijay Bansal and Mr Deepak Bansal have an extensive experience in apparel and garment accessories industry. This understanding helps our top management in taking appropriate decisions.

We have also created a highly empowered team with industry specific knowledge in activities like cutting, stitching, washing and finishing for carrying out the day to day operations of our company. We have also created a team of managers in the second layers below top management. We strongly believe in regularly training our managerial and supervisory staff in their respective jobs.

Strong IT Infrastructure

We have successfully managed our growth by investing in infrastructure, including human and IT infrastructure. We being an apparel manufacturer and 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. Our head office thus maintains full control on all the stocks and sales on a daily basis. We are using Wizapp3S and SQL software to keep track of our retail operations and help in inventory control.

Commitment to quality

We strive to provide the best of quality with regard to fabric, garment accessories and have put in place stringent quality control systems to ensure high quality garments. We also have a system wherein customers if find any defects in our garments can replace them within 15 days of the purchase. We, therefore, never compromise and are fully committed to providing only quality products.

Discussions on Results of Operations

PARTICULARS	For the Financial Year ended on						
	31.03.2009		31.03.2008		31.03.2007		31.03.2006
	(Amount)	(%age)	(Amount)	(%age)	(Amount)	(%age)	(Amount)
A. INCOME							
Sales:							
Manufacturing	1,105.25	79.90%	592.29	80.74%	359.34	80.98%	203.19
Trading	267.68	19.35%	137.78	18.78%	82.05	18.49%	23.84
Other Income	10.31	0.75%	3.51	0.48%	2.33	0.53%	0.22
Total Income from Operations	1383.24	100.00%	733.58	100.00%	443.72	100.00%	227.25
Increase / (Decrease) in Stock	218.24		166.92		60.25		13.53
B. EXPENDITURE							
Material Consumed and Cost of Goods Sold	898.90	64.99%	579.54	79.00%	345.54	77.87%	163.74
Employees Cost	72.35	5.23%	30.39	4.14%	8.43	1.90%	5.44
Selling & Distribution Expenses	311.51	22.52%	126.48	17.24%	87.12	19.63%	46.57
Operating & Administration Expenses	149.24	10.79%	84.58	11.53%	14.48	3.26%	4.45
Financial Expenses	17.96	1.30%	6.26	0.85%	0.53	0.12%	0.15
Miscellaneous expenditure	0.31	0.02%	0.00	0.00%	0.00	0.00%	0.00
Written off							
Total	1,450.28	104.85%	827.25	112.77%	456.11	102.79%	220.37
Profits Before Depreciation, Interest & Tax (A-B)	151.20	10.93%	73.25	9.98%	47.86	10.78%	20.41
Interest	39.58	2.86%	19.22	2.62%	3.24	0.73%	1.12
Profits Before Depreciation & Tax	111.62	8.07%	54.04	7.37%	44.62	10.05%	19.29
Depreciation	16.08	1.16%	9.32	1.27%	0.98	0.22%	0.63
Profits Before Tax	95.54	6.91%	44.72	6.10%	43.63	9.83%	18.66
Less:							
Current Year's Tax	32.99	2.38%	15.79	2.15%	16.23	3.66%	6.87
Deferred Tax Liability / (Asset)	(0.55)	-0.04%	(0.26)	-0.04%	(1.21)	-0.27%	(0.16)
Fringe Benefit Tax	0.97	0.07%	0.60	0.08%	0.21	0.05%	0.14
Excess Tax Paid/Provisions	-	0.00%	0.04	0.01%	0.99	0.22%	(0.00)
Written back for the previous year							
Profits After Tax	62.14	4.49%	28.63	3.90%	29.39	6.62%	11.80

Comparison of the financial year 2008-09 with financial year 2007-08

Income

Our total income increased from Rs 733.58 million in FY 2007-08 to Rs 1383.24 million in FY 2008-09, an increase of 88.56%. Our sales increased from Rs 730.07 million in FY 2007-08 to Rs 1,372.93 million in FY 2008-09. It constituted 99.25% of the total income in FY 2008-09. Our manufacturing income increased from Rs 592.29 million in FY 2007-08 to Rs 1105.25 million in FY 2008-09. Our trading income increased from Rs 137.78 million in FY 2007-08 to Rs 267.68 million in FY 2008-09. This healthy growth was possible with strengthening of existing brand “Cantabil” and launch of our second brand “La Fanzo”. We also introduced kidswear collection in 2008 to cater to fast expanding kids market and be recognized as a complete family store. Our retail network expanded from 100 outlets in fiscal 2008 to 329 outlets in fiscal 2009 with stronghold in northern and western India. Our other income increased considerably by 193.73% from Rs 3.51 million to Rs 10.31 million. The increase was mainly due to profit on sale of fixed assets and non-refundable security deposit from new franchisees.

Expenditure

We exercised greater control and thereby kept overall costs in check. The total costs as a percentage of total income decreased from 112.77% in FY 2007-08 to 104.85% in FY 2008-09. In absolute terms, total costs increased from Rs 827.25 million in FY 2007-08 to Rs 1450.28 million in FY 2008-09. The cost of goods sold and materials consumed decreased from 79.00% of total income in FY 2007-08 to 64.99% of total income in FY 2008-09. In absolute terms, these costs increased from Rs 579.54 million to Rs 898.90 million on account of increase in procurement of raw material and trading goods which is in line with our expansion of business.

Employee Cost

The employee cost increased from 4.14% of the total revenues (aggregating Rs. 30.39 million) in the FY 2007-08 to 5.23% of the total revenues (aggregating Rs. 72.35 million) in the FY 2008-09. The employee costs have gone up on account of expansion of our owned/leased outlets wherein we are responsible for appointing staff at the outlets and also due to hiring of skilled professionals.

Operating & Administrative expenses

The operating and administrative expenses have reduced from 11.53% of the total revenues in FY 2007-08 to 10.79% of total revenue in FY 2008-09. In absolute terms, it has increased from Rs 84.58 million in FY 2007-08 to Rs 149.24 million in FY 2008-09. The percentage decrease is due to efficiency in operations.

Selling & Distribution expenses

The Selling and distribution expenses increased from 17.24% of the total revenues (aggregating Rs 126.48 million) in FY 2007-08 to 22.52% of the total revenues (aggregating Rs 311.51 million) in FY 2008-09 mainly due to increase in advertising and promotion, commission paid and higher discounts being offered to the customers in highly competitive market.

Profit before Interest, Depreciation and Tax (PBDIT)

PBDIT increased from 9.98% in FY 2007-08 (aggregating Rs. 73.25 millions) to 10.93% in FY 2008-09 (aggregating to Rs. 151.20 millions) because of higher business volume and control of expenses.

Interest

Our interest liability increased from 2.62% of total revenues in FY 2007-08 (aggregating Rs. 19.22 millions) to 2.86% of the total revenues in FY 2008-09 (aggregating Rs. 39.58 millions) because of increased borrowings and higher interest rates during the year.

Depreciation

The Depreciation increased from Rs 9.32 million (1.27% of total income) in FY 2007-08 to Rs 16.08 million (1.16% of total income) in 2008-09 because of higher capital expenditure.

Profit

Our PBT margin increased from 6.10% of the total revenues in FY 2007-08 (aggregating Rs. 44.72 million) to 6.91% in FY 2008-09 (aggregating Rs. 95.54 million). The tax liability increased from Rs 16.17 million

in FY 2007-08 to Rs 33.41 million in FY 2008-09. The PAT increased from 3.90% of the total revenues in FY 2007-08 (aggregating Rs. 28.63 million) to 4.49% in FY 2008-09 (aggregating Rs. 62.14 million).

Comparison of the financial year 2007-08 with financial year 2006-07

Income

In 2007-08, our company (formerly Kapish Products Pvt. Ltd.) merged with Cantabil International Pvt. Ltd. to form a new entity Cantabil Retail India Pvt. Ltd. Our total revenues as a result increased from Rs 443.72 million in FY 2006-07 to Rs 733.58 million in FY 2007-08, an increase of 65.32%. Our sales revenue increased from Rs 441.39 million in FY 2006-07 to Rs 730.07 million in FY 2007-08. It constituted 99.52% of the total income. The manufacturing income increased from Rs 359.34 million in FY 2006-07 to Rs 592.29 million in FY 2007-08. Our trading income increased from Rs 82.05 million in FY 2006-07 to Rs 137.78 million in FY 2007-08. Our retail network expanded from 50 outlets in fiscal 2008 to 100 outlets in fiscal 2009. We also added women's wear to our portfolio to enhance our offerings to our customers and have a presence across the value chain. Our other income increased by 50.66% from Rs 2.33 million to Rs 3.51 million mainly because of foreign exchange gain on FCDL loan.

Expenditure

The total costs as a percentage of total income increased from 102.79% in FY 2006-07 to 112.77% in FY 2007-08. In absolute terms, total costs increased from Rs 456.11 million in FY 2006-07 to Rs 827.25 million in FY 2007-08. The cost of goods sold and material consumed increased from 77.87% of total income (aggregating Rs 345.54 million) in FY 2006-07 to 79.00% of total income (aggregating Rs 579.54 million) in FY 2007-08 because of higher purchases for raw material and trading goods.

Employee Cost

The employee cost increased from 1.90% of the total revenues (aggregating Rs. 8.43 million) in the FY 2006-07 to 4.14% of the total revenues (aggregating Rs. 30.39 million) in the FY 2007-08. This increase was because of addition to total number of employees post merger.

Operating & Administrative expenses

The operating and administrative expenses have increased from 3.26% of the total revenues in FY 2006-07 (aggregating to Rs. 14.48 million) to 11.53% of total revenue in FY 2007-08 (aggregating to Rs. 84.58 millions) because of higher rent expenses for our manufacturing facilities.

Selling & Distribution expenses

The Selling and distribution expenses reduced from 19.63% of the total revenues (aggregating Rs 87.12 million) in FY 2007-08 to 17.24% of the total revenues (aggregating Rs 126.48 million) in FY 2008-09.

Profit before Interest, Depreciation and Tax (PBDIT)

PBDIT reduced from 10.78% in FY 2006-07 (aggregating Rs. 47.86 millions) to 9.98% in FY 2007-08 (aggregating to Rs. 73.25 millions).

Interest

Our interest liability increased from 0.73% of total revenues in FY 2006-07 (aggregating Rs. 3.24 millions) to 2.62% of the total revenues in FY 2007-08 (aggregating Rs. 19.22 millions) because of increased borrowings for working capital requirements and term loans for expansion.

Depreciation

The Depreciation increased from 0.22% of the total revenues in FY 2006-07 (aggregating Rs. 0.98 million) to 1.27% in FY 2007-08 (aggregating Rs. 9.32 million). The depreciation was higher because of additional capital expenditure incurred on plant & machinery and furniture & fittings for expansion of retail outlets and increase of manufacturing capacity.

Profit

Our PBT margin reduced from 9.83% of the total income in FY 2006-07 (aggregating Rs. 43.63 million) to 6.10% in FY 2007-08 (aggregating Rs. 44.72 million) due to higher financial expenses. The tax liability

reduced marginally from Rs 16.22 million in FY 2006-07 to Rs 16.17 million in FY 2007-08. The PAT reduced from 6.62% of the total revenues in FY 2006-07 (aggregating Rs. 29.39 million) to 3.90% in FY 2007-08 (aggregating Rs. 28.63 million) because of higher financial expenses.

Comparison of the financial year 2006-07 with financial year 2005-06

Income

Our total revenues increased from Rs 227.25 million in FY 2005-06 to Rs 443.72 million in FY 2006-07, a substantial increase of 95.25%. Our sales revenue increased from Rs 227.03 million in FY 2005-06 to Rs 441.39 million in FY 2006-07. It constituted 99.47% of total income in FY 2006-07. The manufacturing income increased from Rs 203.19 million in FY 2005-06 to Rs 359.34 million in FY 2006-07. Our trading income increased from Rs 23.84 million in FY 2006-07 to Rs 82.05 million in FY 2007-08. The sales increased because of strengthening of our menswear apparel segment and also expanding further woollens and accessories segment.

Expenditure

The total costs as a percentage of total income increased from 96.97% in FY 2005-06 to 102.79% in FY 2006-07. The cost of goods sold and materials consumed increased from 72.06% of total income in FY 2005-06 (aggregating to Rs. 163.74 millions) to 77.87% of total income in FY 2006-07 (aggregating Rs. 345.54 millions). The increase in raw material costs is in line with our revenue growth during this period.

Employee Cost

The employee cost accounted for marginally increased from 2.40% of the total revenues (aggregating Rs. 5.44 million) in the FY 2005-06 to 1.90% of the total revenues (aggregating Rs. 8.43 million) in the FY 2006-07.

Operating & Administrative expenses

The operating and administrative expenses have increased from 1.96% of the total revenues in FY 2005-06 (aggregating to Rs. 4.45 million) to 3.26% of total revenue in FY 2006-07 (aggregating to Rs. 14.48 millions) because of higher rent expenses for our new manufacturing facilities.

Selling & Distribution expenses

The Selling and distribution expenses decreased marginally from 20.49% of the total revenues (aggregating Rs 46.57million) in FY 2007-08 to 19.63% of the total revenues (aggregating Rs 87.12 million) in FY 2008-09.

Profit before Interest, Depreciation and Tax (PBDIT)

PBDIT increased from 8.98% in FY 2005-06 (aggregating Rs. 20.41 million) to 10.78% in FY 2006-07 (aggregating to Rs. 47.86 millions) because of growth in our sales revenue.

Interest

Our interest liability increased from 0.49% of total revenues in FY 2005-06 (aggregating Rs. 1.12 million) to 0.73% of the total revenues in FY 2006-07 (aggregating Rs. 3.24 million) because of increased borrowings for working capital requirements.

Depreciation

The Depreciation reduced from 0.28% of the total revenues in FY 2005-06 (aggregating Rs. 0.63 million) to 0.22% in FY 2006-07 (aggregating Rs. 0.98 million).

Profit

Our PBT margin increased from 8.21% of the total income in FY 2005-06 (aggregating Rs. 18.66 million) to 9.83% in FY 2006-07 (aggregating Rs. 43.63 million) due to higher financial expenses. The tax liability increased from Rs 6.85 million in FY 2005-06 to Rs 16.22 million in FY 2006-07. The PAT increased from 5.19% of the total revenues in FY 2005-06 (aggregating Rs. 11.80 million) to 6.62% in FY 2006-07 (aggregating Rs. 29.39 million) because of higher growth in sales volume.

MATERIAL DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

In the opinion of our Board, there have not arisen since the date of the last financial statements i.e. March 31, 2009, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months.

RELATED PARTY TRANSACTIONS

For details please refer to the discussion in the section titled “Financial Statements” on page [●] of this Draft Red Herring Prospectus.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters, Promoter group companies and there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits, other unclaimed liabilities against our Company or Directors or Promoters or Promoter group companies and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors and our Promoters. Further, except as stated herein, there are no cases of litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoter were associated in the past but are no longer associated, in respect of which the name(s) of the Promoter continues to be associated with those litigation(s).

Nature of Litigations	No. of Cases
Criminal Proceedings (2 cases under Factories Act, 1948* filed against us and 1 Negotiable Instruments Act filed by us)	3
Civil Proceedings	2
Labour related cases	61
ESIC Case	1
VAT related cases / Notice	36
Arbitration Case	1
Legal notices issued by our Company	5

* In two cases under Factories Act, 1948 filed by the State against our Company, our Chairman and Managing Director has also been made a party.

A. Criminal Proceedings

S. No.	Case Number	Parties to dispute (list out all the parties)	Nature of dispute	Brief facts of the case	Court/Fo rum	Extent of claim / liability	Present status of the dispute
1.	CC 58 FI/09	State Vs Shri Vijay Bansal, Kapish Products Private ltd.	The State has filed a complaint under rule 11-A, 88 and 102 of the Delhi Factories Rules, 1950 and section 6, 7, 9(d) and 83 of the Factories Act, 1948.	The complaint has been filed for the reason that the said factory is running without having taken registration and license from Chief Inspector of Factories, Delhi.	In the Court of Metropolitan Magistrate , Karkardoo ma Courts, Shahdara, Delhi.	The accused person in case found guilty is punishable under section 92 of the Act.	The last date of hearing was 25.09.2009.
2	FI/09	State Vs Shri Vijay Bansal, Kapish Products Private limited.	The State has filed a complaint under rule 11-A, 88 and 102 of the Delhi Factories Rules, 1950; section 6,7, 9(d) and 83 of the Factories Act,1948.	The complaint has been filed for the reason that the said factory has not taken registration and license from Chief Inspector of Factories, Delhi and is running the said factory in contravention of Rule 11A of the Delhi	In the court of additional Metropolitan Magistrate , Patiala House Courts, New	The accused person, in case found guilty, is liable to be punished under section 92 of the Act	The next date of hearing is on 20.10.2009

				Factory Rules read with section 6, 7 of the said Act.	Delhi.		
3.	260K/04	Our Company, Complainant Vs. M/s Sahib Export (India), firm & its partners...Accused/ Respondent <i>Case filed by the Company</i>	Complaint under Sec 190 of Cr.P.C. for summoning Accused/ Respondent under Sec 138/142 of Negotiable Instruments Act, 1881	The Company had supplied buttons to the accused for a total value of Rs.16,626.76/-. To discharge the said obligation, the accused issued a cheque On the presentment of the cheque by the Complainant, the same got dishonoured. The Complainant thus filed a complaint under NIA, 1881.	In the Court of MM, Tis Hazari Courts, Delhi.	Rs.16,626.76 /-	Bailable warrants issued and the matter is now listed for service of accused 12.10.2009

B. Civil Proceedings

S. No.	Case Number	Parties to dispute	Brief facts of the case	Court Forum	Extent of claim/liability	Present status
1.	Suit No. 155/07	M/s S.S Plaza Plaintiff Vs. (i) M/s Kapish Products Pvt. Ltd. through Principal Officer, (ii) Mr. Vijay Bansal, Director of M/s Kapish Products Pvt. Ltd... Defendant	The plaintiff has filed a suit for recovery and damages of an amount of Rs. 5,65,000/-. Suit is based on alleged breach of oral agreement. The plaintiff have maintained that on the basis of assurance of our Company, it had entered into an arrangement with us. It was agreed that plaintiff would provide security deposit to the Company for the goods received it to be sold at its shop. Plaintiff has alleged that goods were not provided and defendant is liable to pay security deposit, expenses incurred in renovating the shop, expenses incurred in relation to the opening ceremony of the shop, loss of profit and the mental pain and agony suffered. The plaintiff has valued its suit at Rs. 5,65,000/-. The Company has denied all the allegations and also maintained that the suit is not maintainable since no formal agreement was ever entered into between parties. The Company had paid back to the plaintiff Rs. 6,00,000/- towards the security deposit.	In the Court of ADJ, Tis Hazari Courts, Delhi	Rs. 5,65,000 along with 12% rate of interest from the date of issue of legal notice till the realization of the whole amount.	The parties have filed their pleadings. Evidence by way of affidavit have been filed by the plaintiffs and the cross examination of the plaintiff witness has commenced. The next date of hearing is 04.11.2009.

2.	Suit no. 2544 of 2009	Our Company V/s Subhash Chander Bansal	Our Company and the defendant had entered into an agreement whereby it was agreed that the Company would provide goods to defendant against C Form which would be sold by the defendant. The agreement further provided that payments shall be made on daily basis through account payee cheque and it was also agreed that defendant would provide the Company with the details of sale and provide a monthly stock statement at the end of each month. The dispute arose when defendants started acting contrary to the terms of the agreement. Since the defendant failed to return the unsold stock and failed to make the payments due and outstanding, therefore, a suit for permanent injunction restraining the defendant for proclaiming himself as dealer of Company and restraining him from dealing with unsold stock and goods of our company has been filed. The Company has also filed a suit for recovery of amount.	Before Civil Judge, Junior Division, U.T., Chandigarh	Rs.22,93,939 plus amount of Form-C totaling Rs 35,00,000/- and the interest thereon	For arguments on the interim stay application 26.10.2009
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C. Labour related cases

S No	ID/ Case No.	Name of Employee	Brief facts of the case	Court / Forum	Extent of liability	Next date of hearing
1	147/09	Ishtekhar Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 07.11.2008 The Company has maintained in the written statement that reinstatement sought cannot be granted as he was appointed for a fixed tenure.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	16.02.2010
2	146/09	Saroj Mandal vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 01.12.2008 The Company has maintained in the written statement that reinstatement sought cannot be granted as he was appointed for a fixed tenure.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	16.02.2010

3	145 /09	Narain vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 14.11.2008. The company has filed its written statement and has denied all allegations. The Company has averred that that the said workman was employed for a fixed term.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	16.02.2010
4	277/09	Chotey Lal vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 06.12.2008.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	13.11.2009 The reply of the Company to be filed.
5	313 / 09	Ahmed Ali Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	01.02.2010 The reply of the Company to be filed.
6-11	284/09, 286/09, 278/09, 282/09, 283/09, 276/09	Several Workers (Individually) Vs. Kapish Products Private Limited	Claim statement by the workman not filed and therefore the facts alleged not known to the Company. Only notice received	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	Case pending for Workman claim statement. therefore amount cannot be calculated	Next date in October 2009 and December 2009
12-20	350 / 09, 191/ 09, 359 / 09, 357 / 09, 363 / 09, 358 / 09, 353 / 09, 335 / 09, 349 / 09	Several Workers (Individually) Vs. Kapish Products Private Limited	Claim statement by the workman not filed and therefore the facts alleged not known to the Company. Only notice received	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	Case pending for Workman claim statement. therefore amount cannot be calculated	Next date in October 2009 and December 2009

21	195/ 09	Ataul Haque Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 06.12.2008	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	9.11.2009
22	279 / 09	Babu Lal Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 24.02.2009	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	06.11.2009
23	315 / 09	Chander Kant Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential	23.01.2010 Reply of the Company to be filed
24	316 / 09	Dharminder Vs. Kapish Products Private Limited The case has been filed against the Company	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential	17.01.2010 Reply of the Company to be filed
25	331/ 09	Ghanshyam Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential	11.11.2009 Reply of the Company to be filed
26	318 / 09	Girish Kumar Sharma Vs. Kapish Products Private	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara,	The workman has sought relief for reinstatement with full back wages and	20.01.2010 Reply of the Company to be filed

		Limited		Delhi.	continuity of service with all consequential	
27	332 / 09	Gulam Nabi Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential	16.11.2009 Reply of the Company to be filed
28	335 / 09	Jaibir Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential	05.01.2010 Reply of the Company to be filed
29	317 / 09	Kaushal Kishore Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	18.01.2010 The reply of the Company to be filed.
30-40	362 /09, 365 / 09, 361 / 09, 354 / 09, 351 / 09, 352 / 09, 360 / 09, 345 / 09, 356/09, 348 / 09, 366 / 09	Several Workers (Individually) Vs. Kapish Products Private Limited	Claim statement by the workman not filed and therefore the facts alleged not known to the Company. Only notice received.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	Case pending for Workman claim statement. therefore amount cannot be calculated	Next date in October 2009 & December 2009

41	300/ 09	Manoj Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 24.02.2009..	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	13.11.2009 Reply of the Company to be filed
42	322 / 09	Mohd. Afjal Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	24.02.2010 Reply of the Company to be filed
43	281 / 09	Mohd. Anwar Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 07.12.2008	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	26.11.2009 Reply of the Company to be filed
44	321/ 09	Mohd. Kalim @ karim Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	11.02.2010 Reply of the Company to be filed.
45	280 / 09	Mohd. Mudasar Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 24.02.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	16.11.2009 Reply of the Company to be filed
46	328 / 09	Mohd. Umar farooq Vs. Kapish Products Private	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara,	The workman has sought relief for reinstatement with full back wages and	23.10.2009 Reply of the Company to be filed

		Limited		Delhi.	continuity of service with all consequential relief.	
47	190/ 09	Mohd. Yunus Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 02.08.2008	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	3.12.2009 Reply of the Company to be filed
48	192/ 09	Mohinder Singh Vs. Kapish Products Private Limited	The Company has informed that the workman has settled the dispute with Company amicably	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	25.09.09 Workman Evidence for confirmation of settlement
49	319 / 09	Mohammad Sohrab Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	29.01.2010 Reply of the company to be filed
50	334 / 09	Munna Prasad Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	13.02.2010 Reply of the company to be filed
51	333 / 09	Pramod Kumar Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009..	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	19.02.2010 Reply of the company to be filed

52	301 / 09	Rahul Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 24.02.2009..	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	16.11.2009 Reply of the company to be filed
53	299 / 09	Raj Singh Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 24.02.2009..	, Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	27.11.2009 Reply of the company to be filed
54	330 / 09	Ram Bahadur Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009..	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	18.01.2010 Reply of the company to be filed
55	326 / 09	Ram Prakash Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009..	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	11.01.2010 Reply of the company to be filed
56	327 / 09	Roshan Lal Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009..	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	23.01.2010 Reply of the company to be filed
57	329 / 09	Shakher Kumar Vs. Kapish Products Private	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 21.03.2009..	Labour Court No. IX, Karkardoom a Courts, Shahdara,	The workman has sought relief for reinstatement with full back wages and	03.10.2009 Reply of the company to be filed

		Limited		Delhi.	continuity of service with all consequential relief.	
58	320/ 09	Subhash Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009..	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	07.01.2010 Reply of the company to be filed
59	314 / 09	Suresh Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 17.03.2009.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	27.01.2010 Reply of the company to be filed
60	194 / 09	Umesh Chander Verma Vs. Kapish Products Private Limited	he allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 04.12.2008.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi.	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	10.12.2009 Reply of the Company to be filed.
61	193 / 09	Vikram Singh Vs. Kapish Products Private Limited	The allegation of the workman is that he was not provided any appointment letter and was not provided benefits under various laws and his services were illegally terminated on 08.12.2008.	Labour Court No. IX, Karkardoom a Courts, Shahdara, Delhi	The workman has sought relief for reinstatement with full back wages and continuity of service with all consequential relief.	23.11.2009 Reply of the Company to be filed.

D. ESIC Case

S. No.	Case Number	Parties to dispute (list out all the parties)	Brief facts of the case	Court/Forum	Extent of claim/liability	Present status of the dispute incl. next date of hearing
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1	Case no. 10 of 2009	Kapish Products Private Limited Vs Employees State Insurance Corporation <i>Case filed by the Company</i>	Through the said application, the Company has challenged the order of the ESI Authority which had passed an order dated 04.03.09 in relation to the Company's factory situated at B-47, Ist Floor, Industrial Area, Lawrence Road, Delhi. The ESI Authority have observed that the said factory comes within the ambit of ESI Act and is therefore, required to pay contribution in accordance with section 40 of the said Act read with Regulation 29 and 31 of the Employees State Insurance (General) Regulations framed under the Act. The Company has maintained in the application that demand of Rs.7,31,258/- is not maintainable. ESI Authority has filed its written statement wherein they have denied the averments of the Company to which replication has been filed.	In the Court of Senior Civil Judge (North West), Rohini Courts, Delhi.	Rs. 7,31,258/-. The Company has deposited Rs. 219378/- vide demand draft no 033126 dated 08.05.2009 in compliance of the order dated 05.05.2009 of the Hon'ble Court.	Issues to be framed and Next date of hearing on 12.11.2009
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E. VAT related cases / Notice

No. of Cases	Date of notice and section under which the notice has been issued	Brief particulars	Tax to be paid and penalty amount
2	20/07/2009 under section 33 of Delhi Value Added Tax, 2004	Authority has imposed penalty for short deposit of VAT or deficiency in deposit of tax for diffent dates	Penalty under section 86(12) of the said Act of an amount of Rs 46,443 plus interest Company has filed the objection.
16	28-08-2009 under section 33 of the Delhi Value Added Tax, 2004	Authority has imposed penalty for short deposit of VAT or deficiency in deposit of tax on various dates	Penalty under section 86(12) of the said Act to be paid is Rs 45,79,055 <i>The Company has not deposited the amount and is in the process of filing the objection.</i>
2	20.07.09 under section 32 of Delhi Value Added Tax, 2004	Authority has imposed Tax with interest.	Tax with interest of an amount of Rs 42690 to be paid before 19.08.2009 Objection petition filed by our company.
16	28-08-2009 under section 32 of the Delhi Value Added Tax, 2004	The input tax availed by the Cantabil International Private limited on the initial purchase is not reduced or reversed correspondingly on various purchases by Cantabil international Private limited to the department	Tax along with interest of amount of Rs 53,41,068 to be paid <i>The Company is in process to filing the appeal.</i>

F. Arbitration Case

S. No.	Parties to dispute (list out all the parties)	Nature of dispute	Brief facts of the case	Extent of claim/liability, including financial impact and possibility of prosecution	Present status of the dispute incl. next date of hearing
1.	<p>Our Company Claimant</p> <p>Vs.</p> <p>M/s Ambience Infrastructure Pvt. Ltd.. Respondent</p> <p><i>The case filed by the Company</i></p> <p>Counter Claim</p> <p>M/s Ambience Infrastructure Pvt. Ltd...Counter Claimant</p> <p>Vs.</p> <p>M/s Cantabil International Pvt. Ltd...Respondent</p> <p><i>Counter claim against the Company</i></p>	<p>Claim for the specific performance of MOU & claim for damages.</p>	<p>The parties had entered into a memorandum of understanding dated 24.08.05 wherein an intention was expressed by respondent that it shall lease out shop no F- 117 measuring about 151 sq. meters of super area on the first floor in the shopping mall at Gurgaon to our Company. In furtherance of MOU, a security deposit of a sum of Rs. 1,46,680/- to the respondent was deposited by us. Our contention is that the respondent failed to hand over possession of the shop and thereafter, in 2006 cancelled the MOU vide its letter dated 20.09.2006 and sent a cheque of Rs. 1,46,680/- towards the principal security and interest. We invoked the arbitration clause as provided in the MOU and filed a statement of claims before the arbitrator. In the said claim we have sought grant of lease of retail space as provided in the MOU, damages of Rs. 2 lacs per month from the date of intended handover of the possession of the shop i.e. from 23.07.2006 till the date of actual possession of the shop is handed over to the claimant.</p> <p>The respondents have filed a written statement before the Arbitrator wherein they have averred that MOU is not an agreement and since the claimant is seeking specific performance, the same can only be granted by civil court.</p> <p>In the said written statement, the respondent has filed a counter claim wherein it has averred that the Company has been maligning the name of the respondent/ counter claimant and the counter claimant/ respondent has assessed loss at Rs. 1 crore on account of loss of business and reputation.</p>	<p>Specific performance of the MOU and assessment of loss of Rs 2 lacs per month from the date of intended handover of the possession of the shop i.e. 23.07.2006 till the date of actual possession of the shop is handed over to the claimant.</p> <p>Counter claim: Rs. 1 crore in case the counter claim is decided in favour of Counter Claimant/ Respondent</p>	<p>Matter now listed for 3rd and 4th November, 2009 for cross examination of the respondent witness.</p>

G. Legal notices issued by our Company

S No	Name of the noticee to whom legal notice served	Brief particulars	Relief claimed
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1	Sh. Jitender Narayan Singh	The Company and Noticee had entered into a letter of intent wherein it was agreed that the Noticee shall lease to the Company, shops bearing no. F-01 and F-02 in mall to be constructed in Varanasi by Noticee for which the booking amounts had been duly taken from the Company. The Noticee neither entered into a lease deed nor did it tender possession of the said shop to the Company.	Payment of Rs 60,000/- along with interest calculated @18% per annum. Further, the Company has sought indemnification of loss to the tune of Rs. 9,00,000/-
2	M/s Malik Brothers	The Company and Noticee had entered into a letter of intent wherein it was agreed that the Noticee shall lease to the Company, shops bearing no. F-01 and F-02 in mall to be constructed in Indore by Noticee for which the booking amounts had been duly taken from the Company. The Noticee neither entered into a lease deed nor did it tender possession of the said shop to the Company.	Payment of Rs 18,819/- along with interest calculated @18% per annum. Further, the Company has sought indemnification of loss to the tune of Rs. 20,00,000/-
3	M/s Aerens Euro Park And Mr. Rajeev Anand	The Noticee has entered into a letter of intent with the Company wherein they had agreed to enter into a lease for shop in favour of the Company in a mall to be constructed by them. The booking amount in relation to the said shop of Rs 231552/- was paid to Noticee. The Noticee has till date neither entered into the lease deed nor has he handed over the possession of the shop in the said premises.	Payment of Rs 2,31,552/- along with interest calculated @18% per annum. Further, the Company has sought indemnification of loss to the tune of Rs. 17,00,000/-
4.	M/s Prabhatam Buildwell Ltd. And Mukesh Aggarwal	The Noticee has entered into a letter of intent with the Company wherein they had agreed to enter into a lease for shop in the mall to be constructed in Mumbai under the name and style of "Dream Mall" in favour of the Company in a mall to be constructed by them. The booking amount in relation to the said shop of Rs 1,26,400/- was paid to noticee. The noticee has till date neither entered into the lease deed nor has he handed over the possession of the shop in the said premises.	Payment of Rs 1,26,400/- along with interest calculated @18% per annum. Further, the Company has sought indemnification of loss to the tune of Rs. 14,00,000/-
5	Satara Property Developers private Limited and Om Housing Company Private Limited	The Noticee has entered into a letter of intent with the Company wherein they had agreed to enter into a lease for shop in the mall to be constructed in Mumbai under the name and style of "Dream Mall" in favour of the Company in a mall to be constructed by them. The booking amount in relation to the said shop of Rs 1,26,400/- was paid to Noticee. The Noticee has till date neither entered into the lease deed nor has he handed over the possession of the shop in the said premises.	Payment of Rs 1,26,400/- along with interest calculated @18% per annum. Further, the Company has sought indemnification of loss to the tune of Rs. 14,00,000/-

Except as mentioned above there are no litigations pending against our Promoters and Promoter Group Companies.

MATERIAL DEVELOPMENT

In the opinion of our Board, there have not arisen since the date of the last financial statements i.e. March 31, 2009, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months.

AMOUNT OWED TO SMALL SCALE INDUSTRIAL UNDERTAKINGS

There are no outstanding dues payable to Small scale industries which are more than 30 days old.

GOVERNMENT AND OTHER APPROVALS

The Company has the following licenses, permits and registrations for conducting its business.

Factory Licence

S.no	Description of place	Details of Licence	Date of Issue	Date of Validity
1.	B-9, Lawrence Road, Delhi	FL0409001505	23.04.2009	31.03.2010
2.	B-16, Lawrence Road, Delhi	FL0809002950	28.08.2009	26.11.2009
3.	B-47, Lawrence Road, Delhi	Applied for registration. Challan dated 04.05.2009 has been made available to us		
4.	B-49, Lawrence Road, Delhi	FL0409001507	23.04.2009	31.03.2010
5.	B-50, Lawrence Road, Delhi	FL0309001096	23.03.2009	31.03.2010

Pollution Control Licences

S.no.	Description of Place	Details of Licence	Date of Issue	Date of Expiry
1.	B-9, Lawrence Road, Delhi	Company has applied for a licence vide application dated 04.05.2009		
2.	B-16, Lawrence Road, Delhi	Company has applied for a licence vide application dated 31.08.2009		
3.	B-28, Lawrence Road, Delhi	G-008071	30.03.2009	29.03.2010
4.	B-49, Lawrence Road, Delhi	G-008997	03.07.2009	02.07.2010
5.	B-50, Lawrence Road, Delhi	Company has applied for a licence vide application dated 27.07.2009		

Factory Licences under Delhi Factory Rules

S.no.	Description of Place	Details of Licence	Date of Application
1.	B-9, Lawrence Road, Delhi	Applied for change of name on 10.09.2009	
2.	B-16, Lawrence Road, Delhi	Applied for registration on 14.09.2009	
3.	B-28, Lawrence Road, Delhi	Applied for change of name on 10.09.2009	
4.	B-49, Lawrence Road, Delhi	Applied for registration on 14.09.2009	
5.	B-50, Lawrence Road, Delhi	Applied for change in name on 10.09.2009	

Sales Tax / VAT

S.No.	Place	VAT	CST
1.	Andhra Pradesh, Hyderabad	28715700117	28715700117
2.	Chattisgarh, Raipur	22941306346	22941306346
3.	Delhi, Karol Bagh	Sales Tax no. CC/38/135952/0589	CC/38/135952/0589
4.	Gujarat, Rajkot	24091700974	24091700974
5.	Haryana, Faridabad, Panipat, Jind, Gurgaon and Hissar	06132010742	06132010742
6.	Karnataka, Bangalore	29250828788	29250828788
7.	Madhya Pradesh, Indore	23391304304	23391304304

8.	Maharashtra, Mumbai	27230665678	27230665678
9.	Punjab, Ludhiana	03792043360	03792043360
10.	Rajasthan, Jaipur, Udaipur	08714100740	08714100740
11.	Uttar Pradesh, Ghaziabad	09888807423	09888807423
12.	Uttarakhand, Dehradun	05008552418	05008552418

Tax on Profession, Trade, Callings and Employments

S. No.	State	Legislation under which license has been issued	Enrolment number	Date of Enrolment
1.	Karnataka, Bangalore	Katnataka Tax on Profession, Trades, Callings and Employments Act, 1956	29250828788	07.01.2009

Income Tax Registrations

Description	Reference/ License Number	Date of Expiry
TAN Number	DELK05733A	N.A.
PAN Number	AAACK3901B	N.A.

Boiler inspection under Section 31 of the Factories Act, 1948

S.no.	Description	Capacity of Boiler	Date of Issue	Date of next inspection
1	Boiler at B-9, Lawrence Industrial Area, Delhi - 35	50 Kg	20.07.2009	20.01.2010

Labour Registrations

S.No.	Description	Legislation under which license has been issued	Reference/ License Number	Date of Issue	Date of Validity
1.	Registration for Provident Fund	Employees Provident Fund and Miscellaneous Provisions Act, 1952	DL/27286	11.06.2003	N.A.
2.	Registration under the Employees State Insurance	Employees State Insurance Act, 1948	11-31535-19	18.06.2003	N.A.

Registrations under State Shops and Establishments Acts

S.no.	Premise	Legislation under which license has been issued	Reference/ License Number	Date of Registration	Validity
1.	Maharashtra, Sunny Side Building, Shop 7, Lokhandwala, Andheri	Rule 6 of Bombay Shops and Establishments Act, 1948	760024771	12.10.2007	31.12.2010
2.	Maharashtra, Shop No. 4, Thakur Complex, Kandivali	Rule 6 of Bombay Shops and Establishments Act, 1948	760007541	03.05.2007	31.12.2009
3.	Maharashtra, Shop No.	Rule 6 of Bombay Shops	SH/24372	11.10.2008	31.12.2010

	184-187, Raghuleela Arcade, Vashi	and Establishments Act, 1948			
4.	Maharashtra, Shop no.4, Anand Vaibhav Society, Near Plaza Theatre, Dadar	Rule 6 of Bombay Shops and Establishments Act, 1948	760094229/ Shop I	18.03.2009	31.12.2011
5.	Maharashtra, Shop No. 8, So Lucky Corner, 54 M.G. Road, Villeparle	Rule 6 of Bombay Shops and Establishments Act, 1948	760083044/ Commercial II	21.01.2009	31.12.2011
6.	Karnataka, #117, Commercial Street, Bangalore	Rule 3, 3A and 5 of the Karnataka Shops and Commercial Establishment Act, 1961	Applied for Registration	N.A.	N.A.
7.	Karnataka, 78 Ground Floor, 100 Feet Ring Road, Banashankari, Bangalore	Rule 3, 3A and 5 of the Karnataka Shops and Commercial Establishment Act, 1961	Applied for Registration	N.A.	N.A.
8.	Karnataka, 23, Vasavi Plaza, 11 th Main, 4 th Block, Jaya Nagar, Bangalore	Rule 3, 3A and 5 of the Karnataka Shops and Commercial Establishment Act, 1961	Applied for Registration	N.A.	N.A.
9.	Rajasthan, Shop #4, Silver Square C-18 Bhagwan Das Road, Jaipur	Rajasthan Shops and Commercial Establishments Act, 1958 and Rules thereunder	SH1208R [vernacular]p -144/07	01.01.2008	Until Cancelled
10.	Rajasthan, G-29, Crystal Court, 5 Indra Prakash Palace, Jaipur	Rajasthan Shops and Commercial Establishments Act, 1958 and Rules thereunder	SH/52/IR9B/ P6 5/06	01.01.2008	Until Cancelled
11.	Rajasthan, 364 Gali No. 1, Fashion Street, Rajapark, Jaipur	Rajasthan Shops and Commercial Establishments Act, 1958 and Rules thereunder	SH-703R-9-2P-79/07	-	Until Cancelled
12.	Rajasthan, Shop No. 134, Crystal Palm, Plot No. 2, Jaipur	Rajasthan Shops and Commercial Establishments Act, 1958 and Rules thereunder	SH1430/R [vernacular/ P176/68]	-	Until Cancelled
13.	Rajasthan, Vaishali Nagar, Jaipur	Rajasthan Shops and Commercial Establishments Act, 1958 and Rules thereunder	SH/552/ R1HB/P69 /06	01.01.2008	Until Cancelled
14.	Uttar Pradesh, Shop No. 40-41, TDI Mall, Agra	UP Shops and Commercial Establishments Act, 1962 and Rules thereunder	Applied for registration on 03.08.2007.	N.A.	N.A.
15.	Uttar Pradesh, GF-20, Ansal Plaza, Vaishali, Ghaziabad	UP Shops and Commercial Establishments Act, 1962 and Rules thereunder	Applied for registration on 27.02.2006.	N.A.	N.A.
16.	Uttar Pradesh, Agra, Rajendra Place	UP Shops and Commercial Establishments Act, 1962	Applied for registration	N.A.	N.A.

		and Rules thereunder	on 21.03.2008		
17.	Uttar Pradesh, Shop Number 6, Rave@ Moti Guttaya, Rawatpur Kanpur	UP Shops and Commercial Establishments Act, 1962 and Rules thereunder	UPSCEA1- 5/1621/4011	15.05.2009	2012-2013
18.	Uttaranchal, Dehradun	Uttaranchal Shops and Commercial Establishments Act, 1962 and Rules thereunder	D-19394	24.10.2008	31.03.2012
19	Jharkhand, Ranchi	Jharkhand Shops and Establishments Act 1953	RN.27297	09.04.2009	31.12.2009
20	Andhra Pradesh, Shop No.4-101/102, Ground Floor, Konark Complex, Dilsukh Nagar	Andhra Pradesh Shops and Establishments Act, 1988	D/7489/2009	17.08.2009	31.12.2009
21	Andhra Pradesh, Plot No. 6, New Vasavi Nagar, Secunderabad	Andhra Pradesh Shops and Establishments Act, 1988	ALO19/HYD /277/2009	08.05.2009	31.12.2009
22	Punjab, Ludhiana	Punjab Shops and Commercial Establishments Act, 1953	/5302	11.08.2008	31.12.2010

Fire Clearance

The Company has applied for obtaining an NOC from the fire department for its 32 outlets in Delhi vide an application dated September 10, 2009.

Industrial Employment (Standing Orders) Act, 1946

Our Company has applied for certification of the standing orders under the Industrial Employment (Standing Orders) Act, 1946 vide an application dated September 13, 2009.

DG Sets

Our Company has applied for inspection of the 2 (two) DG Sets which are installed at B-49 and B-50, Lawrence Road, Delhi - 35 and has deposited the requisite amount with the authorities.

Contract Labour

We use contract labour at twop of our units and have entered into an agreement with the contractor for the said premises. We have applied for the necessary registration.

Registration with Trade Society

S. No.	Name of Society	Reference/ License Number	Date of Issue	Validity
1.	Keshav Puram Industrial Area (KESPIA) CETP Society	198/11/2008	25.09.2008	-

We undertake that the activities proposed by us in view of the present approvals and approvals which have been applied by us, no further approvals from any Government Authorities / RBI are required by us to undertake the proposed activities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Authority from the Company

This Issue has been authorised by special resolution passed pursuant to section 81(1A) of the Companies Act, at the annual general meeting of the shareholders of our Company and the Board of Directors in their meeting held on September 09, 2009 and September 11, 2009 respectively.

Prohibition by SEBI

Our Company, our Promoter, our Directors, our subsidiary companies and companies with which our directors are associated as directors or Promoter, has not been prohibited from accessing the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI or any other authority. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

Further, our Company, our Promoter, their relatives, our subsidiary companies and our Directors have not been declared as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

Eligibility for the Issue

We are an unlisted Company incorporated under the Companies Act, 1956. We are not eligible for issue under Regulation 26(1) of the SEBI ICDR Regulations as we are not complying with the conditions under clause (d) the said Regulation.

We are eligible to for the Issue under Regulation 26(2) of the SEBI ICDR Regulations. The SEBI ICDR Regulation 26(2) reads as under:

An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:

(a) (i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent. of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers ;

or

(ii) at least fifteen per cent. of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent. shall come from the appraisers and the issuer undertakes to allot at least ten per cent. of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;

(b) (i) the minimum post-issue face value capital of the issuer is ten crore rupees;

or

(ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the specified securities, subject to the following:

(A) the market makers offer buy and sell quotes for a minimum depth of three hundred specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent.;

(B) the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least five per cent. of the proposed issue.

We are an unlisted company not complying with the conditions specified in Regulation 26(2) of the SEBI ICDR Regulations and are therefore required to meet both the conditions detailed in Regulation 26(2)(a) and Regulation 26(2)(b) of the SEBI ICDR Regulations.

- We are complying with Regulation 26(2)(i) of the SEBI ICDR Regulations and at least 50% of the Net Issue is proposed to be Allotted to QIBs and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.
- We are also complying with Regulation 26(2)(i) of the SEBI ICDR Regulations and the post-issue face value capital of the Company shall be Rs. [●] million, which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, we are eligible for the Issue under Regulation 26(2) of the SEBI ICDR Regulations.

In accordance with the Regulation 26(4) of SEBI ICDR Regulations, we ensure that the number of allottees in the proposed Issue shall be atleast 1,000; otherwise, we shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI.

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, SPA MERCHANT BANKERS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENTARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER SPA MERCHANT BANKERS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 26, 2009 WHICH READS AS FOLLOWS:

- 1. We have examined various documents including those relating to litigation like commercial disputes, patent disputes, disputes with collaborators, etc. and other material in connection with the finalisation of the Draft Red Herring Prospectus (in case of a book built issue) pertaining to the said issue;**
- 2. On the basis of such examination and the discussions with the issuer, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of the issue, price justification and the contents of the documents and other papers furnished by the issuer, WE CONFIRM that:**
 - (a) the Draft Red Herring Prospectus filed with the Board is in conformity with the documents, materials and papers relevant to the issue;**
 - (b) all the legal requirements relating to the issue as also the regulations guidelines, instructions, etc. framed/issued by the Board, the Central Government and any other competent authority in this behalf have been duly complied with; and**
 - (c) the disclosures made in the Draft Red Herring Prospectus are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act,**

- 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable legal requirements.
3. We confirm that besides ourselves, all the intermediaries named in the Draft Red Herring Prospectus are registered with the Board and that till date such registration is valid.
 4. We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments.
 5. We certify that written consent from promoters has been obtained for inclusion of their specified securities as part of promoters' contribution subject to lock-in and the specified securities proposed to form part of promoters' contribution subject to lock-in shall not be disposed / sold / transferred by the promoters during the period starting from the date of filing the Draft Red Herring Prospectus with the Board till the date of commencement of lock-in period as stated in the Draft Red Herring Prospectus.
 6. We certify that Regulation 33 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which relates to specified securities ineligible for computation of promoters contribution, has been duly complied with and appropriate disclosures as to compliance with the said regulation have been made in the Draft Red Herring Prospectus.
 7. We undertake that Sub-regulation (4) of Regulation 32 and clause (c) and (d) of Sub-regulation (2) of Regulation 8 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be complied with. We confirm that arrangements have been made to ensure that promoters' contribution shall be received at least one day before the opening of the issue. We undertake that auditors' certificate to this effect shall be duly submitted to the Board. We further confirm that arrangements have been made to ensure that promoters' contribution shall be kept in an escrow account with a Scheduled Commercial Bank and shall be released to the issuer along with the proceeds of the public issue. - Not applicable
 8. We certify that the proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out until now are valid in terms of the object clause of its Memorandum of Association.
 9. We confirm that necessary arrangements have been made to ensure that the moneys received pursuant to the issue are kept in a separate bank account as per the provisions of sub-section (3) of section 73 of the Companies Act, 1956 and that such moneys shall be released by the said bank only after permission is obtained from all the stock exchanges mentioned in the prospectus. We further confirm that the agreement entered into between the Bankers to the Issue and the Issuer specifically contains this condition.
 10. We certify that a disclosure has been made in the Draft Red Herring Prospectus that the investors shall be given an option to get the shares in demat or physical mode. - Not applicable
 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 of 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 OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR 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 OFFER DOCUMENT.”

Disclaimer from Our Company & the BRLM

Our Company, our Directors, and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

Caution

The BRLM accept no responsibility, save to the limited extent as provided in the Agreement dated September 18, 2009 entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us, the BRLM and the Underwriters 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 house research or sales reports, at bidding centres or elsewhere.

Disclaimer In Respect of Jurisdiction

This issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission if any), trust registered under the Societies Registration Act, 1860, as amended from time to time or any other trust law and who are authorised under their constitution to hold and invest in shares), permitted insurance companies, pension funds and to NRIs, FIIs, Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity 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 the Draft Red Herring Prospectus comes is required to inform himself / herself about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the jurisdiction of appropriate courts at Delhi, 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 Draft Red Herring Prospectus has been submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance

on Rule 144A under 233 the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with 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.

Disclaimer Clause of BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE (**the designated stock exchange**).

“Bombay Stock Exchange Limited (“The Exchange”) has given vide its letter dated [●] permission to this Company to use the Exchange’s name in this Offer Document as one of the Stock Exchanges on which the Company’s securities are proposed to be listed. The Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner-

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; or
2. Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
3. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

Disclaimer Clause of NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref. [●] dated [●] permission to the issuer to use the Exchange’s name in this Offer Document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document nor does it warrant that our securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at Plot No. C4-A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.

A copy of the Draft Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act has been delivered and a copy of Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, NCT of Delhi & Haryana, IFCI Tower, Nehru Place, New Delhi - 110 019.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity shares are not listed on any stock exchange in India.

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

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our company shall forthwith repay, without interest all monies received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within 8 days after our company becomes liable to repay it (i.e. from the Date of Refusal or within 15 days from the date of Bid/Issue closing date whichever is earlier), then our Company, and every director of our Company who is an officer in default shall, on and from expiry of 8 days, will be jointly and severally liable to repay the money with interest @15% per annum on application money as prescribed under Section 73 of the Companies Act.

Our Company together with the assistance of the BRLM shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the basis of allotment for the offer.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A 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.”

Consents

Consents in writing of (a) our Promoters, Directors, Company Secretary and Compliance Officer, (b) the Auditors, (c) Legal Advisor, (d) Bankers to our Company, (e) Book Running Lead Manager, (f) Registrar to the Issue, (g) Bankers to the Issue, (h) Syndicate Members and (i) IPO Grading Agency to act in their respective capacities, have been obtained and would be filed along with a copy of this Draft Red Herring Prospectus with the RoC, NCT of Delhi & Haryana as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn upto the time of delivery of the Draft Red Herring Prospectus for registration with the RoC, NCT of Delhi & Haryana. Consents in writing of the underwriters will be obtained and filed along with the final prospectus and other relevant documents required to be filed under Section 60 of the Companies Act with RoC, NCT of Delhi & Haryana.

M/s Suresh & Associates, Chartered Accountants, our Statutory Auditors have also given their written consent for inclusion of their report in the form and context in which it appears on page no. [●] in the Draft Red Herring Prospectus and such consent and report have not been withdrawn upto the time of delivery of a copy of the Draft Red Herring Prospectus for registration with the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

Expert Opinion

Except as stated (a) in the section titled “Financial Statements” on page [●], (b) the “Statement of Tax Benefits” appearing on page [●] and (c) the report provided by [●], IPO Grading Agency and given in annexeure on page [●] furnishing the rationale for its IPO Grading, we have not obtained any other expert opinion.

Expenses of the Issue

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

Particulars	Amount Rs. Million*	% of Issue Size*	% of Issue Expenses*
BRLM / Syndicate member fee	[●]	[●]	[●]
Underwriting & Selling Commission	[●]	[●]	[●]
Advertising & Marketing expenses	[●]	[●]	[●]
Registrar fee	[●]	[●]	[●]
Printing, Stationary, Dispatch	[●]	[●]	[●]
Other expenses (including listing fee, SEBI filing fee, Legal Counsel fee, Depository charges, Auditor’s fee, etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

* Will be incorporated after finalisation of the issue price at the time of the Prospectus.

The Issue expenses, except the listing fee, shall be shared between us in the proportion to the number of shares sold to the public as part of the Issue.

Fees Payable to the BRLM

The fees payable to the BRLM (including underwriting commission and selling commission) for the Issue will be as per the engagement letter from our Company to the BRLM and the Agreement dated September 18, 2009 executed between us and BRLM, copy of which are available for inspection at our registered office.

Fees Payable to the Syndicate Members

The fees payable to the Syndicate Members (including underwriting commission and selling commission) for the Issue will be as per the engagement letter dated from our Company to the Syndicate Members copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement between Registrar to the Issue and our company dated September 26, 2009, a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue by our Company to enable them to send refund orders or Allotment advice by registered post / under certificate of posting.

Previous Public / Rights Issues

Our Company has not made any public or rights issue of Equity Shares/Debentures since incorporation.

Issue of Shares otherwise than for Cash

Except as per details given below, our Company has not issued any Equity Shares for consideration other than cash since incorporation.

Date of allotment	No. of shares allotted	Nature of allotment	Particulars
May 11, 2007	3,882,688	Bonus	Issued in the ratio of 8:1 by utilizing accumulated profits lying to the credit of Profit & Loss account
January 30, 2009	725,620	Pursuant to Scheme of amalgamation	Issued pursuant to the Scheme of amalgamation of Cantabil International Private Limited with Cantabil Retail India Limited
September 11, 2009	3,206,186	Bonus	Issued in the ratio of 3:5 by utilizing accumulated profits amount lying to the credit of Profit & Loss Account

Commission and Brokerage on Previous Equity Issues

Since this is the Initial Public Issue of our Equity Shares, no sum has been paid or is payable as commission and brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our incorporation.

Promises v/s Performance

Neither we, nor any of our Subsidiaries and Promoter Group Companies have made any public issue in past. Hence Promise v/s Performance is not applicable.

Listed Ventures of Promoters

Our promoter does not have any listed ventures.

Outstanding Debenture or Bond Issues

As on the date of filing of this Draft Red Herring Prospectus with SEBI, our Company does not have any outstanding Debentures or Bonds.

Outstanding Preference Shares

As on the date of filing of this Draft Red Herring Prospectus with SEBI, our Company does not have outstanding Preference Shares.

Stock Market Data for Our Equity Shares

This being an initial public offering of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and us provides for retention of records with the Registrar to the Issue for a period of atleast one year from the date of closing of this Issue.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details including name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, demat account number and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Our Company has constituted a Share Holders Grievances Redressal Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate / split / consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Corporate Governance' on page [●] of this Draft Red Herring Prospectus.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue or the SCSBs in case of ASBA Bidders for the redressal of routine investor grievances shall be 10 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Ms. Rekha Grover, Company Secretary as the Compliance Officer and she may be contacted at the following address in case of any pre-Issue or post-Issue-related problems:

Company Secretary and Compliance Officer

Ms. Rekha Grover
Company Secretary & Head - Legal
Cantabil Retail India Limited
B - 47, 1st Floor
Lawrence Road Industrial Area
New Delhi - 110 035
Tel.: +91 11 2715 6381-82
Telefax: +91 11 2715 6383
Email: investors@cantabilinternational.com
Website: www.cantabilinternational.com

Changes in Auditors during the last five years

There have been no change in the Auditors during the last five years.

Capitalisation of Reserves or Profits

We have issued bonus shares on May 11, 2007 and September 11, 2009, details of which are mentioned under 'Notes to Capital structure' appearing on page [●] of this Draft Red Herring Prospectus.

Revaluation of Assets

There has not been any revaluation of Assets since incorporation.

TERMS OF THE ISSUE

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

Ranking of Equity Shares

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

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

Compliance with SEBI ICDR Regulations

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

Face Value and Issue Price

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at the Price of [●] per Equity Share at the lower end of the Price Band and [●] per Equity Share at the upper end of the Price Band. The issue price will be determined by the Board of Directors of our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meeting and exercise voting rights unless prohibited by law;
- Right to vote on poll either personally or by proxy;
- Right to receive offer for rights shares and the allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder under the Act, terms of the listing agreements with the Stock Exchanges(s) and the Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to among other things, voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the section entitled “Articles of Association of our Company” on page [●] of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialised mode, the tradeable lot is one Equity share. Allocation and allotment of Equity Shares through this issue will be done only in electronic form in multiple of one Equity Share subject to minimum of [●] equity shares to the successful bidders.

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 our 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 the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

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

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other 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 mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Jurisdiction

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

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Offer through Offer Document including devolvement of the Underwriters within 60 days from the closure of the Issue, 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.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialised form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, If Any on Transfer and Transmission of Equity Shares/ Debentures and on their Consolidation/ Splitting

Except as mentioned under the heading “Transfer of Securities” under section titled “Articles of Association of Our Company” on page [●] of this Draft Red Herring Prospectus, there are no restrictions on transfer / transmission on our Equity Shares.

Investors should note that in terms of Section 68B of the Companies Act, the Equity Shares would be allotted to all successful Bidders only in the dematerialized form. Bidders will not have the option of

getting allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Withdrawal of Issue

Our Company in consultation with the BRLM reserves the right not to proceed with the issue any time after the Bid / Issue opening date but before the Board meeting for allotment without assigning any reason thereof.

Period of Subscription

The subscription list for public issue shall remain open for atleast 3 working days and not more than 10 working days.

OFFERING INFORMATION

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein atleast 50% of the Issue shall be allocated to QIBs on a proportionate basis, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allotment on a proportionate basis to Qualified Institutional Buyers including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, upto 15% of the Issue would be allocated to Non-Institutional Bidders and upto 35% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. If atleast 50% of the Issue cannot be allocated to QIBs, then the entire subscription money will be refunded forthwith.

The ASBA Process

Supplementary process of applying in public issues through Bid cum Applications Supported by Blocked Amount for certain eligible Retail Individual Investors, who qualify as ASBA Investors

Note: The process of bidding through the ASBA process by ASBA Investors under the SEBI Circular dated July 30, 2008 may be subject to change from time to time which may either be of a clarificatory nature or otherwise and ASBA Investors are advised to make their own judgment about investment through this process prior to submitting a Bid-cum-ASBA Form to a SCSB.

In addition to the current process of applying through Bid-cum-Application Forms, wherein a cheque is used as a mode of payment, SEBI, by its circular no. SEBI/CFD/DIL/DIP/31/2008/30/7 dated July 30, 2008 has introduced an optional and supplementary process for applying in public issues by ASBA Investors, viz. the Application Supported by Blocked Amount ("ASBA"), containing an authorization to block the application money in a bank account held with a Self Certified Syndicate Bank.

Only those Retail Individual Bidders who qualify as ASBA Investors are eligible to submit their Bids through the ASBA process. Investors other than ASBA Investors are required to follow the process as mentioned under Bid-cum-Application Form beginning on page [●] of the Draft Red Herring Prospectus.

Who can Bid as an ASBA Investor?

- a. is a "Resident Retail Individual Investor";
- b. is bidding at cut-off, with single option as to the number of shares bid for;
- c. is applying through blocking of funds in a bank account with the SCSB;
- d. has agreed not to revise his/her bid;
- e. is not bidding under any of the reserved categories

An ASBA Investor shall only use a Physical Bid-cum-Application form Supported by Blocked Amounts ("Physical Bid Cum ASBA Form") or Electronic Bid-cum-Application form Supported by Blocked Amounts ("Electronic Bid Cum ASBA Form") and collectively ("Bid Cum ASBA Form") available with the SCSB which shall be submitted either physically or electronically as the case may be through the internet banking facility, to the Designated Branches ("DB") of the SCSB with whom the bank account to be blocked, is maintained by such ASBA Investor.

SCSB is a bank, registered under the SEBI (Bankers to the Issue) Regulations 1996, which offers the facility of applying through the ASBA process and has its name included in the SEBI's list of SCSBs displayed on its website at www.sebi.gov.in. Bid-cum-ASBA forms can be accepted only by SCSBs.

A SCSB shall identify its DBs at which an ASBA investor shall submit the bid-cum-ASBA forms and shall also identify the CB which shall act as a coordinating branch for the Registrar to the Issue, Stock Exchanges and BRLM. The SCSB may identify new DBs for the purpose of ASBA process and intimate details of the same to SEBI, after which SEBI will add the DB to the list of SCSBs maintained by it.

The ASBA investor should ensure that it has a Savings Account with the DB, to be eligible for making an application through ASBA. The Investor should check the SEBI website, www.sebi.gov.in, for details of the DBs.

A soft copy of the Abridged Prospectus would also be made available on the website of the SCSB, along with the Electronic Bid Cum ASBA Form, so as to enable an ASBA Investor to confirm that he/she has read and understood the terms and conditions of the Abridged Prospectus, before applying in the Issue.

Bid-cum-ASBA Form

The prescribed colour of Physical Bid-cum-ASBA Form is Green.

The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and Bid cum ASBA Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the Bid cum ASBA Form and that the same are made available on the websites of the SCSBs, Stock Exchange(s) and BRLM.

ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the Bid cum ASBA Form can obtain the same from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.

An ASBA Investor shall only use the Bid-cum-ASBA Form for making a Bid in terms of the Red Herring Prospectus which shall be submitted either electronically or physically to the SCSB with whom the bank account to be blocked is maintained. The ASBA Investor shall have only one option as to the number of Equity Shares Bid for. The SCSB shall give an acknowledgement specifying the application number to the ASBA Investor as proof of having accepted the Bid in physical or electronic form. The SCSB shall then block the application money in the bank account of such ASBA Investor held with the SCSB specified in the Bid-cum-ASBA Form, on the basis of an authorisation to this effect given by the ASBA Investor and thereafter upload the Bid Cum ASBA in the electronic bidding system of the Stock Exchange. In case sufficient funds are not available in the account of the ASBA Investor, SCSB shall reject the Bid cum ASBA and shall not upload such Bids with the Stock Exchanges.

Upon completing and submitting the Bid-cum-ASBA Form to a SCSB, either electronically or physically, as has been elaborated hereinbelow, the ASBA Investor is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-ASBA Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the ASBA Investor.

Method and Process of Bidding for ASBA Investors

1. An ASBA Investor, shall submit a completed Bid –cum- ASBA Form to a SCSB, with whom the bank account to be blocked, is maintained, by either submitting the Bid-cum-ASBA Form physically with the Designated Branches of the SCSB or submit the Bid-cum-ASBA Form electronically through the internet banking facility offered by the SCSB. In case of an electronic upload of the Bid-cum-ASBA Form, the ASBA Investor himself shall fill in all the abovementioned details, except the application number which shall be system generated.
2. The SCSB shall give an acknowledgement specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA in a physical or electronic mode.
3. After accepting an ASBA, the SCSB shall block funds available in the bank account specified in the Physical ASBA, to the extent of the application money specified in the ASBA; only thereafter the SCSB shall capture/upload the following details in the electronic bidding system provided by the Stock Exchanges:

- (i) Application number
- (ii) DP ID, Client ID
- (iii) Bid Quantity
- (iv) PAN

4. In case of an electronic upload of the Bid-cum-ASBA Form, the SCSB shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).

5. The SCSB shall generate a Transaction Registration Slip/ order number, confirming upload of ASBA details in the electronic bidding system of the Stock Exchanges. The Transaction Registration Slip number shall be given to the ASBA investor as a proof of uploading the details of ASBA, only on demand.

6. The SCSB shall also ensure that the amount blocked by it in the bank accounts specified in the ASBA form shall be available at all times for giving to the Issuer at the time of finalization of allotment.

Mode of Payment

Upon submission of an Bid cum ASBA Form with the SCSB, 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 bank account maintained with the SCSB.

Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or Bid cum ASBA 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 Bid cum ASBA Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI ICDR Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said 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.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the ASBA Bid cum Application Form, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or withdrawal of bids by ASBA Investor or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

a) In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless

i) it has received the ASBA in a physical or electronic form; and
 ii) it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

b) The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.

c) The aggregate demand and price for Bids registered on the electronic facilities of the Stock

Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.

d) At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

- Name of the Bidder(s);
- Application Number;
- Permanent Account Number;
- Number of Equity Shares Bid for;
- Depository Participant identification No.; and
- Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

e) A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

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

g) It is to be distinctly understood that the permission given by the Stock Exchanges 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 or the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

h) The SCSB may reject the ASBA Bid upon receipt of ASBA Bid cum Application Form, if the ASBA Account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

i) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLM, the Company and the Designated Stock Exchange, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Issuance of Confirmation of Allocation Note

The dispatch of the CAN to an ASBA Investor shall be deemed to be a valid, binding and irrevocable contract for the ASBA Investor, whose funds shall thereafter be unblocked by the SCSB and shall be transferred to the ASBA Public Issue Account for the payment of the entire Issue Price for allocation for all the Equity Shares transferred to such ASBA Investor.

Terms of Payment and Payment into the Public Issue Account by the SCSB

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue Account on a date falling within 15 days from the Bid/Issue closing date as informed by the Book Running Lead Manager.

1. Number of shares to be allotted against each valid ASBA
2. Amount to be transferred from the relevant bank account to the ASBA Public Issue Account, for each valid ASBA
3. The date by which the funds referred to in sub-para (2) above, shall be transferred to the ASBA Public Issue Account
4. Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/

unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

General Instructions

Do's:

- a. Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is green in colour).
- d. Ensure that your Bid is at the Cut-off Price.
- e. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
- f. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- g. Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.
- h. Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.
- i. Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.
- j. Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.
- k. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.
- l. Ensure that you have mentioned your Permanent Account Number ("PAN") allotted under the I.T. Act.
- m. Ensure that the name(s) given in the ASBA 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 ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.
- n. Ensure that the Demographic Details are updated, true and correct, in all respects

Don'ts:

- b. Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor.
- c. Do not submit an ASBA Bid if you are applying under any reserved category.
- d. Do not revise your Bid.
- e. Do not Bid for lower than the minimum Bid size.
- f. Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
- g. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- h. Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.
- i. Do not fill up the ASBA Bid cum Application Form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000.
- j. Do not submit the GIR number instead of the PAN Number.
- k. Do not instruct your respective banksto release the funds blocked in the bank account under the ASBA process.

Specific Instructions for ASBA Investors and grounds for rejection of Bids:

- Check whether you are eligible to apply as an ASBA Investor. If you are not covered by the definition of an “ASBA Investor”, the Bid shall be rejected
- Check all the details entered into the Bid-cum-ASBA Form are correct. If the DP ID, Client ID or PAN furnished by the ASBA Investor in his Bid-cum-ASBA Form is incorrect or incomplete, the ASBA shall be rejected and the Issuer or the SCSB shall not be liable for losses, if any. The Registrar to the Issue shall inform each SCSB about errors, if any, in the bid details, along with an advice to send the rectified data within the time as specified by the Registrar.
- The Registrar shall match the reconciled data with the depository’s database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depository’s database, such ASBA shall be rejected by the Registrar.
- The Registrar to the Issue shall reject multiple ASBAs determined as such, based on common PAN.
- Ensure that multiple ASBAs are not submitted
- Ensure that bids are submitted on Bid-cum-ASBA Forms meant only for ASBA Investor.
- Ensure that bids are made only at “cut-off”
- Ensure that the ASBA Investor is not Bidding under any of the reserved categories, failing which the Bid-cum-ASBA Form shall be rejected.
- 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 the bank account specified in the ASBA does have sufficient credit balance to meet the application money, in absence of which the application shall be rejected by the SCSB.
- Ensure that you have authorised the SCSB to do all acts as are necessary to make an application in this Issue, including uploading of his Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA, transfer of funds to the ASBA Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of allotment entitling yourselves to receive shares on such transfer of funds, etc, failing which the Bid-cum-ASBA Form shall be rejected.
- Bid-cum-ASBA forms should bear the stamp of the Syndicate Member and / or Designated branch of SCSB. Bid-cum-ASBA forms which do not bear the stamp will be rejected.
- Ensure that you have authorised the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA, upon finalisation of the basis of allotment and to transfer the requisite money to the ASBA Public Issue Account failing which the Bid-cum-ASBA Form shall be rejected.
- Ensure that you don’t submit your Bid after the closing time of acceptance of Bids on the last day of the bidding period, in which case the same shall be rejected by the SCSB.

Revision of Price Band

SCSB shall ensure that information about revision in the Bidding Period or price band, as and when received, is communicated and effected to in its systems promptly, for information of ASBA Investors.

Withdrawal of Bids

In case an ASBA investor wants to withdraw his ASBA during the bidding period, he shall submit his withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account. In case an ASBA Investor wants to withdraw his ASBA after the Bid/ Issue Closing Date, he shall submit the withdrawal request to the Registrar. The Registrar shall delete the withdrawn Bid from the bid file.

Other Information

In case of failure or withdrawal of the Issue, on receipt of appropriate instruction from the Book Running Lead Manager, the SCSB shall unblock the bank accounts latest by the next day of receipt of such instruction.

The SCSB shall not accept any Bid Cum ASBA after the closing time of acceptance of Bids on the last day of the Bidding period.

Unblocking of Funds

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the Controlling Branch of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue account within the timelines specified in the ASBA process:

- (i) Number of shares to be allotted against each valid ASBA
- (ii) Amount to be transferred from the relevant bank account to the ASBA Public Issue account, for each valid ASBA
- (iii) The date by which the funds referred to in sub-para (b) above, shall be transferred to the ASBA Public Issue account
- (iv) Details of rejected Bid Cum ASBA, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts. SCSB shall thereafter unblock the amounts blocked in the account of the ASBA Investor.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications is described in “Offering Information - Multiple Bids” on page 193 of this Red Herring Prospectus.

Right to Reject 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 SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository’s database, such ASBA Bid shall be rejected by the Registrar to the Issue.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI ICDR Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder’s Bank Account shall be made within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 15 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder’s Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see section “Offering Information - Basis of Allocation” on page of this Red Herring Prospectus.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders, along with non-ASBA Bidders, will be categorized as Retail Individual Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to our undertakings described under “Offering Information - Undertaking by our Company”, with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

Offering Information (Other than ASBA Bidders)

Current process of applying through a Bid-cum-Application Form wherein a cheque is used as a mode of payment

Bidders are required to submit their Bids through the BRLM and/or their affiliates. Further, QIB Bids can be submitted only through BRLM / Syndicate Members. In case of QIB Bidders, the Company in consultation with the BRLM, as the case may be, may reject Bids at the time of acceptance of Bid cum Application Form 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, our Company would only have the right to reject the Bids only on technical grounds.

Investors should note that in terms of Section 68B of the Companies Act, the Equity Shares would be allotted to all successful Bidders only in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

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 this 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. Upon the allotment of Equity Shares, dispatch of the CAN / Allocation Advice and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Color of Bid cum Application Form
Indian public, Eligible NRIs applying on a non-repatriation basis	White
Non Residents, Eligible NRIs, or FIIs, Foreign Venture Capital Funds registered with SEBI, Multilateral and Bi-lateral Development Financial Institutions applying on a repatriation basis	Blue

Who Can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. 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;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
4. Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and SEBI ICDR Regulations and regulations, as applicable);
6. Venture Capital Funds registered with SEBI;

7. Foreign Venture Capital Investors registered with SEBI;
8. State Industrial Development Corporations;
9. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorized under their constitution to hold and invest in Equity Shares;
10. Eligible Non Residents including NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
11. FIIs registered with SEBI;
12. Scientific and/or Industrial Research Organizations authorized to invest in Equity Shares;
13. Insurance Companies registered with Insurance Regulatory and Development Authority, India;
14. As permitted by the applicable laws, Provident Funds with minimum corpus of Rs. 250 million (or 2500 Lakhs) and who are authorized under their constitution to hold and invest in Equity Shares;
15. Pension Funds with minimum corpus of Rs. 250 million (or 2500 Lakhs) and who are authorized under their constitution to hold and invest in Equity Shares;
16. Multilateral and Bilateral Development Financial Institutions; and
17. Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLM and Syndicate Member(s) shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable law.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 2,500,000 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion, i.e. 125,000 equity shares. The remaining demand by Mutual Funds, if any, shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remaining of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the Asset Management Companies or Custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as Multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds

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

Restriction on Foreign ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy upto any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. No person shall make a Bid in pursuance of this Issue unless such person is eligible to acquire Equity Shares of our Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors making a bid in response to the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM, 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 subscribed to the Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the BRLM, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of our Company.

Investment by NRIs / FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allocation. As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Bids by Eligible NRIs

1. Bid cum application forms have been made available for NRIs at our registered office, members of the Syndicate or the Registrar to the Issue.
2. NRI applicants may note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company (i.e., 10% of 18,782,749 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.

With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go upto 100%. However, as of this date, no such resolution has been recommended for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals, including in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, and pursuant to SEBI's press release number 286 of 2007 dated October 25, 2007, an FII may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. Associates and affiliate of the Underwriters, including the BRLM and Syndicate, that are FIIs may issue off shore derivative instruments against Equity Shares allocated to them in the Issue.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor provided not more than 25% of the corpus of an Indian Venture Capital Fund should be invested in one Venture Capital Undertaking. However, the aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could go upto 100% of our Company's paidup equity capital.

The SEBI has issued an amendment on October 16, 2006 stating that the shareholding of SEBI registered Venture Capital Funds held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for atleast one year prior to the time of filing the Draft Red Herring Prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of 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.

Maximum and Minimum Bid size

- a) **For Retail Individual Bidders:** The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to maximum bid amount of Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision in bid or revision of the Price Band or on exercise of Cut-off price option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off price 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 Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such number of Equity Shares and in multiples of [●] Equity Shares such that the Bid Amount exceeds Rs. 100,000. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under 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 QIB Margin upon submission of Bid.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders do not have the option of bidding at 'Cut-off price'.

Information for the Bidders

1. The Company will file the Draft Red Herring Prospectus with the RoC atleast 3 (three) days before the Bid/ Issue Opening Date.
2. The Company and BRLM shall declare the Bid / Issue opening date, Bid / Issue closing date and Price Band at the time of filing of the Draft Red Herring Prospectus with the ROC and also publish the same in accordance with the provisions of Section 66 of the Companies Act and shall be in the format as prescribed in Schedule XIII to the SEBI ICDR Regulations.
3. The members of the Syndicate will circulate copies of the Draft Red Herring Prospectus alongwith the Bid-cum-Application Form to potential investors.

4. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Draft Red Herring Prospectus/ Red Herring Prospectus/Bid-cum-Application Form can obtain the same from our Registered Office or from the BRLM or from a member of the Syndicate or their authorized agent(s) to register the bids.
5. Investors who are interested in subscribing for our Company's Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bid.
6. The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of bidding

1. We, with the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus filed with RoC and publish the same in two national newspapers (one each in English and Hindi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. The bidding centres and collection centres shall be at all the places, where the recognised stock exchanges are situated.
3. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
4. The Bidding Period shall be a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and the Bidding Period may be extended, if required, by an additional 3 (three) working days, subject to the total Bidding Period not exceeding 10 (ten) working days.
5. QIBs shall place their bids only through the member of syndicate, who shall have the right to vet the bids.
6. Each Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" as given below) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
7. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page [●] of this Draft Red Herring Prospectus.
8. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum application Form. It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.
9. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page [●] of this Draft Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the floor of the Price-Band and Rs. [●] being the cap of the Price Band. The Bidders can bid at any price within the price Band, in multiples of Re. 1. The minimum application value shall be within the range of Rs. 5,000 to Rs. 7,000.

2. In accordance with SEBI ICDR Regulations, our Company in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
3. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.
4. Our Company in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIBs, Non Institutional Bidders and such Bids shall be rejected.
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, the Bidder shall receive the refund of the excess amounts from the Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.100,000 the Bid will be considered for allocation under the Non-Institutional category 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 cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be 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 could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size will be suitably revised such that the minimum application falls within the range of Rs. 5,000/- to Rs. 7,000/-.

Build Up of the Book and Revision of Bids.

- a. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on on-line basis. Data would be uploaded on a regular basis.
- b. The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- c. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d. Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

- e. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- f. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- g. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Electronic Registration of Bids

- a. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be atleast one NSE/ BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by NSE and BSE.
- c. The aggregate demand and price for Bids registered on their electronic facility of NSE and BSE will be uploaded on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com.
- d. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
 - Name of the bidder (Bidders should ensure that the name given in the Bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
 - Investor Category – Individual, Corporate, NRI, QIBs, FII, Mutual Fund, etc.
 - Numbers of Equity Shares bid for.
 - Bid price and applicable Margin Amount.
 - Bid-cum-Application Form Number.
 - Whether payment is made upon submission of Bid-cum-Application Form.
 - Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder.
- e. 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 members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Bidders under Non-Institutional Bidders and Retail Individual Bidders, bids would not be rejected except on the technical grounds listed on Page [●] of this Draft Red Herring Prospectus.
- h. It is to be distinctly understood that the permission given by NSE and BSE 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 or BRLM are cleared or

approved by NSE and BSE; 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.

- i. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the NSE and BSE; 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 NSE and BSE.
- j. Only Bids that are uploaded on the Online IPO system of the NSE and BSE shall be considered for allocation. In case of discrepancy of data between the NSE or the BSE and the members of the syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Form, shall be final and binding in all concerned.

Application in the Issue

Equity Shares being offered through this Draft Red Herring Prospectus should be applied for in dematerialised form only.

Escrow Mechanism

We shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor 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 respective Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account of our Company. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (i.e. Final Issue price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between us, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each category of Bidder shall pay the applicable Margin Amount with the submission of the Bid-cum-Application Form draw a cheque/ demand draft for the maximum amount of his/ her Bid in favor of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph “Payment Instructions” on Page No. [●] of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash or stockinvest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid / Issue Closing Date, our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

The Margin Amount payable by each category of Bidders is mentioned under the heading “Issue Structure” on page [●] of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity

Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable margin amount for the Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form. QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Signing of Underwriting Agreement and RoC Filing

1. We, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price.
2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed as 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.
3. We will file a copy of the Prospectus with Registrar of Companies, NCT Delhi and Haryana in terms of section 56 and section 60 of the Companies Act.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation. 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.

General Instructions

Do's:

1. Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Draft Red Herring Prospectus.
2. Read all the instructions carefully and complete the Bid-cum-Application Form [(White) or (Blue) in colour] as the case may be;
3. Ensure that the details about Depository Participant and beneficiary account are correct;
4. Ensure that the Bids are submitted at the bidding centres only on Bid cum Application forms bearing the stamp of a member of the Syndicate;
5. Ensure that you have been given a TRS for all your Bid options;
6. Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
7. Ensure that the bid is within the price band;
8. Investors must 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, investors should ensure that the beneficiary account is held in the same joint names and in the same sequence as they appear in the Bid-cum-Application Form;
9. The bidder should mention their PAN allotted under the I.T. Act in the Application cum Bid form irrespective of the amount for which application is made. In case of joint holders, all the holders should mention their PAN in the application form. Any application without PAN details are liable to be rejected.

Don'ts:

1. Do not Bid for lower than minimum Bid size;
2. Do not Bid or revise the Bid Price to less than floor price or higher than the cap price;

3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
4. Do not pay Bid amount in cash, through Stock Invest, by money order or postal order;
5. Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders);
6. Do not fill up the Bid cum Application Form such that the Equity shares bid for exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Draft Red Herring Prospectus;
7. Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
8. Do not provide your GIR number instead of PAN number;
9. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Instructions for Completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from our Registered Office or from the BRLM or from a member of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis).
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.
3. The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of Rs. 100,000.
4. For Non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. 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 applicable laws or regulations.
5. In single name or in joint names (not more than three and in the same order as their Depository Participant details).
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account Details

IN TERMS OF SECTION 68B OF THE COMPANIES ACT, IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM IN THIS ISSUE. 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.

Investors are advised to instruct their Depository Participant to accept our equity shares that may be allocated to them pursuant to this Issue.

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, occupation, bank account details for printing on refund orders / refund advices or for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company or the registrar or the Escrow Collection Banks nor the 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.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/refund advice / for credit of Refunds through ECS or Direct Credit or RTGS or NEFT for refunds/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ 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 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 the Bidders sole risk and neither our Company nor the Registrar nor the Escrow Collection Banks nor the BRLM 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 that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The 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/ 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.

Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.

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 U.S. 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 Bidcum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI Regulations, OCBs cannot participate in this Issue.

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

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies or 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 & 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 reject such Bids in whole or in part, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, FVCFs, VCFs and Mutual Funds, 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 submitted with the Bid-cum-Application Form. Failing this, our Company reserve the right to reject such Bids in whole or in part, without assigning any reason therefore.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the Certificate of Registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company reserve the right to reject such Bids in whole or in part, without assigning any reason therefore.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lakhs and pension fund with the minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserve the right to reject such Bids in whole or in part, without assigning any reason thereof.

Our Company in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our Company / BRLM may deem fit.

Payment Instructions

The Company and the members of the Syndicate shall open an Escrow Account with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Account

1. The Bidders shall draw a Payment Instrument for the applicable margin in favor of the Escrow Account with the submission of the Bid-cum-Application Form and submit the same to the members of the Syndicate. For categories other than QIBs, the applicable margin amount is equal to 100%, whereas for QIBs it is 10%.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the Intimation Note /

CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - a. In case of resident QIB bidders: **“Escrow Account - CRIL Public Issue - QIB R”**
 - b. In case of non - resident QIB bidders: **“Escrow Account - CRIL Public Issue - QIB NR”**
 - c. In case of Resident Retail and Non-Institutional Bidders: **“Escrow Account - CRIL Public Issue - R”**
 - d. In case of Non Resident Retail and Non Institutional Bidders (on repatriable basis) : **“Escrow Account - CRIL Public Issue - 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 a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
5. In case of Bids by Eligible NRIs applying on non-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 NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs, FVCIs registered with SEBI the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what 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.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted. Investors in the QIB category may also make payments by RTGS.

Bidders are advised to mention the number of Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Forms.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock invest will not be accepted.

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

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In 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 communication 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 in single or joint names will be deemed to be multiple bids if the sole and/or first bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are set forth 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. In cases where the PAN is different, the same will be deleted from this master.
3. The addresses of all the applications in the multiple master will be strung from the address master. 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.
4. The applications will be scanned for similar 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.
5. Subsequent to the aforesaid procedures, a print out of the multiple master 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.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Unique Identification Number (UIN)

SEBI has through its circulars dated July 25, 2007 and September 7, 2007, discontinued the use of UIN.

Our Right to Reject Bids

In case of QIB Bidders, Our Company in consultation with the BRLM may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft or ECS or Direct Credit and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

- Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Age of First Bidder not given;
- Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- PAN Number is not given;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids for number of Equity Shares, which are not in multiples of [●];
- Bank details not provided in the space provided in the Bid cum application form;
- Category not ticked;
- Multiple bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/ postal order/ cash;
- Bids not duly signed by the sole/joint Bidders;
- Bid-cum-Application Form does not have the stamp of the BRLM / Syndicate Member(s);
- Bid-cum-Application Form does not have Bidder's depository account details;
- Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form;
- Bids for amounts greater than the maximum permissible amounts prescribed by the relevant regulations;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
- Bids by OCBs;
- Bids by U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act.
- Bids by NRIs not disclosing their residential status.
- Bids where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s); and
- Bids by persons prohibited from buying, selling or dealing in shares directly or indirectly by SEBI or any other regulatory authority.
- Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- Bids not uploaded in the Book would be rejected; and

- Bids or revision thereof by QIB Bidders and Non - Institutional Bidders where the Bid amount is in excess of Rs. 100,000, uploaded after 4.00 p.m. or any such time as prescribed by Stock Exchange on the Bid / Issue closing Date.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss pricing strategy with our Company.
2. The Company in consultation with the BRLM shall finalize the Issue Price and the number of Equity Shares to be allotted in each investor category.
3. The allocation in the Issue to Non-Institutional Bidders and Retail Individual Bidders of upto 15% and 35% of the Issue respectively, and the allocation to QIBs for atleast 50% of the Issue, would be on proportionate basis, in the manner specified in the SEBI ICDR Regulations and the Draft Red Herring 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 the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Bidders shall be made on a proportionate basis. Atleast 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation on proportionate basis 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 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. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 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. If atleast 50% of the Net Issue cannot be allocated to QIBs, then the entire subscription money will be refunded forthwith.
5. Undersubscription, if any, in any category, other than QIB portion, would be met with spillover from other category in accordance with applicable laws, regulations and guidelines.
6. QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.
7. The BRLM, in consultation with our Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
8. Allocation to NRIs, FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
9. Our Company in consultation with the BRLM reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Board meeting for Allotment without assigning reasons whatsoever.
10. In terms of SEBI ICDR Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid / Issue Closing Date.
11. The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) The Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s)/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.
- (c) The 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.
- (d) The Company will issue an advertisement after the filing of the Prospectus with the RoC in two national newspapers (one each in English and Hindi). This advertisement, in addition to the

information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs

- a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the 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. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Bidders and Non-Institutional Bidders. The investor should note that our Company shall ensure that the demat credit of the Equity Shares pursuant to Allotment shall be made on the same date to all the investors in this Issue.
- b) The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the Balance Amount Payable for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the Bid Amount in full into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders.

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI ICDR Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to the Company, which may result in a change (including potentially a decrease) in the number of Equity Shares being finally allotted to Non Resident investors (including FIIs). As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date, Allotment of Equity Shares and Transfer of Funds to Public Issue Account

- a. Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidder's depository account within two working days from the date of allotment.
- b. As per SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees.
- c. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, our Company will allot the Equity Shares to the Allottees.
- d. Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

We shall give credit of Equity Shares allotted to the beneficiary account with Depository Participants within 15 working days of the Bid/Issue Closing Date. Applicants residing at 68 centres as mentioned below will get refunds through ECS (subject to availability of all information for crediting the refund through ECS) except where applicants are otherwise disclose as eligible to get refunds through Direct Credit, NEFT or RTGS.

The payment of refund, if any, would be done through various modes as given hereunder:

1. **ECS** – Payment of refund would be done through ECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
3. **Direct Credit** – Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.
4. **RTGS** – Applicants having a bank account at any of the abovementioned 68 centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value less than Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places

where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of any category of applicants specified by SEBI, the refund will be credited to the applicants in any other electronic manner permissible under the Banking laws for the time being in force which is permitted by SEBI from time to time.

Letters of allotment or refund orders

The Company shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 2 (Two) working days from the Date of Allotment. Applicants residing at centres where ECS facility has been made available by the RBI will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. In case of other applicants, our Company shall ensure dispatch of refund orders, if any, of value less than Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders for Rs. 1,500 and above, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the ECS facility. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (Refund Advice) through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Refunds shall be made within 15 days from the Bid/Issue Closing Date at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment letters/refund orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above.

Our Company will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS/ Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including MICR code maintained at the depository level are updated and correct.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

Refunds will be made by Direct Credit, ECS, RTGS cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker 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.

Interest in case of delay in Despatch of Allotment Letters/Refund Orders / Instructions or Instructions to Self Certified Syndicate Banks by the Registrar:

The issuer agrees that allotment of securities offered to the public shall be made not later than fifteen days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of 15% per

annum 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 to the clearing system in the disclosed manner within 15 days from the date of the closure of the Issue.

Basis of Allotment or Allocation

For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
2. Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
4. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis upto a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

For Non Institutional Bidders

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
2. The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis upto a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allotment refer below.

For QIB Bidders

1. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
2. The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for upto 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Bids from Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for upto 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 at or above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIBs shall be determined as follows:
 - (i) The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
 - (ii) The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.

- (iii) 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.
4. The aggregate allocation to QIB Bidders shall be atleast [●] Equity Shares.
 5. In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis subject to a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

Under-subscription, if any, in any category other than QIB Portion, would be allowed to be met with spillover from the other categories. Such inter-se spill over, if any, would be affected in accordance with applicable laws, regulations and guidelines.

The BRLM, Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of allotment is finalized in a fair and proper manner in accordance with SEBI ICDR Regulations. The drawal of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Method of Proportionate Basis of Allotment

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by Our Company 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 BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Draft Red Herring Prospectus under “Issue Structure”.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of shares applied for) multiplied by the inverse of the over-subscription ratio. The minimum allotment lot shall be the same as the minimum application lot, i.e. [●] equity shares, irrespective of any revisions to the Price Band.
- 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 portion 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:
 - 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 portion is equal to the number of Equity Shares calculated in accordance with (b) above.
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
- e) If the proportionate allotment to a Bidder works out to a number that is more than [●] but is a fraction, the fraction would be rounded off to the higher whole number if that decimal is 0.5 or more. If that decimal is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would 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 Equity 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.

UNDERTAKING BY OUR COMPANY

Our Company undertake the following:

1. that the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily
2. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalization of Basis of Allotment
3. that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrars to the Issue by us
4. that where the refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicants within 15 days of the closure of the issue giving details of the Bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. that the dispatch of Share Certificates / refund orders and demat credit is completed and the allotment and listing documents will be submitted to the Stock Exchanges within two working days of finalization of Basis of Allotment
6. that the certificates of the securities allotted / refund orders to the Non-Resident Indians shall be dispatched within specified time
7. that the Company agrees that it shall pay interest @ 15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 15 days from the date of closure of the Issue for the period of delay beyond 15 days.
8. that no issue of securities shall be made till the securities offered through the Draft Red Herring Prospectus until the shares are listed or application moneys are refunded on account of non-listing, under subscription, etc.
9. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS**Our Board of Directors certifies that:**

- a) All monies received out of the Issue of shares shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- b) Our Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.
- c) Details of all monies utilized out of the Issue referred to in (a) above shall be disclosed under an appropriate separate head in the balance sheet of our Company, indicating the purpose for which such monies have been utilized;
- d) Details of all unutilized monies out of the Issue of shares referred to in (a) above, if any, shall be disclosed under the appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized 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 tripartite agreements have been signed among our Company, the Depositories and the Registrar:

- a. An Agreement dated [●] between NSDL, our Company and Registrar to the issue; and
- b. An Agreement dated [●] between CDSL, our Company and Registrar to the issue.

All bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have atleast one beneficiary account with either of the Depository Participants of 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. Equity Shares allotted to a 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 depository account of the Bidder(s).
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 visà-vis those with his/her Depository Participant.

It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed, are connected to NSDL and CDSL. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue. Investors are advised to instruct their DP to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Pre and Post Issue Related Grievances:

We have appointed Ms. Rekha Grover, Company Secretary, as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems, at the following address:

Company Secretary and Compliance Officer

Ms. Rekha Grover
Company Secretary & Head - Legal
Cantabil Retail India Limited
B - 47, 1st Floor
Lawrence Road Industrial Area
New Delhi - 110 035
Tel.: +91 11 2715 6381-82
Telefax: +91 11 2715 6383
Email: investors@cantabilinternational.com
Website: www.cantabilinternational.com

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The main provisions of the Articles of Association of our Company are given under:

Sr No	Particulars	Description
3.	The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association of the Company, with the power to sub-divide, consolidate and increase or decrease and with power from time to time, to issue any share of the original capital or any capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit and upon the sub-division of a share to apportion the right to participate in profit in any manner as between the shares resulting from such sub-division.	Authorised Share Capital of the Company
6.	<p>1. Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:</p> <p>(a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;</p> <p>(b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;</p> <p>(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;</p> <p>(d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.</p> <p>2. Notwithstanding anything contained in sub clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.</p> <p>(a) If a special resolution to that effect is passed by the company in general meeting, or</p> <p>(b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting andp the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.</p> <p>3. Nothing in sub-clause (c) of (1) hereof shall be deemed:</p> <p>(a) To extend the time within which the offer should be accepted; or</p> <p>(b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.</p> <p>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 debentures issued by the company:</p> <p>(i) To convert such debentures or loans into shares in the company; or</p> <p>(ii) To subscribe for shares in the company</p>	Further issue of capital

Sr No	Particulars	Description
	<p>Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>(a) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and</p> <p>(b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.</p> <p>Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.</p>	
8.	The Money (if any) which the Board 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 name of the holder of such shares becomes a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.	Deposit and calls etc. to be a debt payable immediately
9.	Except as required by law or order by a court of competent jurisdiction no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any benami, equitable contingent future or partial interest in any share or any interest in any fractional part of a share (except only by these presents or by law otherwise provided) or any other rights in respect of any share, other than an absolute right thereto, in accordance with these presents, in the person registered holder thereof.	Trust not recognised
10.	None of the funds of the Company shall be applied in the purchase of any share of the Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any share in the Company or in its holding Company save as provided by Section 77 of Act.	Funds not be applied in the purchase of its own shares
11.	The certificates of titles to shares and duplicate thereof when necessary shall be issued under the seal of the Company.	Certificates
12.	Every member shall be entitled, without payment to one or more certificate 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 may 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 condition of issue thereof otherwise provide, or within 2 months of receipt of application of registration of transfer, transmission, subdivision, consolidation or renewal of any of its shares as the case may be, every certificates of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of the shares in respect of which it is issued and amount paid up thereon and shall be 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	Members right to certificate

Sr No	Particulars	Description
	shall be a sufficient delivery to all such holder.	
13.	<p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of fees if the directors so decide or on payment of such fees(not exceeding Rs. 2 for each certificate) as the director shall prescribe, provided that no fees shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.</p> <p>The provision of the Article shall mutatis mutandis apply to debentures of the Company.</p>	As to issue of new certificate in place of one defaced, lost or destroyed
14.	<p>Subject to the provisions of Section 76 of the Act, the Company may at anytime pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any share or debentures in the Company, but the commission shall not exceed in the case of shares 5 (five) per cent of the price at which the shares are issued, and in the case of debentures 2½ (two and a half) per cent of the price at which the debentures are issued. The Company may also pay on any issue of shares or debentures such brokerage as may be lawful and reasonable.</p>	Commission for placing shares and brokerage
15.	<p>For the purpose of this Article:</p> <ol style="list-style-type: none"> 'Beneficial Owner' means a person or persons whose name is recorded as such with a depository or as defined in clause (a) of sub-section (1) of section 2 of Depositories Act, 1996 from time to time. 'SEBI' means Securities and Exchange Board of India; 'Securities' means such security as may be specified by SEBI from time to time. 'Bye-laws' means bye-laws made by a depository under Section 26 of the Depositories Act, 1996. 'Depositories Act' means the Depositories Act, 1996 and any statutory modification or re-enactment thereof for the time being in force. 'Depository' means a company formed and registered under Companies Act, 1956 and which has been "granted a certificate of registration under sub section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992. <p>'Registered Owner' means a depository whose name is entered as such in the records of the Company.</p>	Definitions
16.	<p>Dematerialisation: Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or to offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.</p>	Dematerialisation & re-materialisation
17.	<p>Options for Investors: Subject to Section 68B of the Act, every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificate of securities.</p>	Option to investor for dematerialization
18.	<p>If a person opts to hold his securities with a depository, the Company shall intimate such depository the details of allotment of the Securities and on the receipt of the information,</p>	

Sr No	Particulars	Description
	the Depository shall enter in its record the name of the allottees as the Beneficial owner of the Securities.	
19.	Securities in Depositories to be in Fungible form: All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.	Securities to be in fungible form
20.	<p>Rights of Depositories & Beneficial Owners:</p> <p>a. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.</p> <p>b. Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>c. Every Person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company.</p> <p>The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.</p>	Rights of Depositories and Beneficial owners
21.	Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by the delivery of floppies or discs.	Service of documents
22.	<p>Nothing contained in Section 108 of the Act, or these Articles shall apply to a transfer of securities affected by transferor and transferee both of whom are entered as Beneficial Owner in the records of a Depository.</p> <p>In the case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.</p>	Transfer of securities
23.	Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant securities thereof to the Depository immediately on the allotment of such securities.	Intimation of allotment in demat form
24.	Certificate No. etc. of securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for securities issued by the Company shall apply to securities held with a depository.	Certificate / Distinctive nos. of securities issued in demat form
25.	Register and Index of Beneficial Owners: The Register and Index of Beneficial Owner maintain by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and security holders for the purposes of these Articles.	Register and index of beneficial owners
26.	The Directors may from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments, thereof made payable at fixed times and each member shall pay the amount of every call so made by him to the person and at the time and place appointed by the Directors. A call may be made payable by installments.	Calls
27.	A Call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed, Not less than fourteen days notice of any call shall be given specifying the time and place of payment and to whom such call be paid.	When call deemed to have been made and notice to call
28.	The Board may from time to time and at its discretion, extend the time fixed for the payment of any call and may extend such time as to call of any of the members who owing to residence at a distance or other cause, the Board may deem fairly entitled to	Extension of time for payment of calls

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	such extension; but no member shall be entitled to such extension save as a matter of grace and favour.	
29.	If any member fails to pay any call, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time, be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover from any such member and the Board shall be at liability to waive payment of such interest either wholly or in part.	Payment of interest on delay in calls
30.	If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed date or installments at fixed times, whether on account of the amount of share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Directors and on which due notice had been given and all provisions herein contained in respect of call made to such amount or installment accordingly.	Amount payable at fixed times or by installments payable as calls
31.	On the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was when the claim arose on the Register of shareholder of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matter whatsoever but the proof of matters aforesaid shall be conclusive evidence of the debt.	Evidence in actions by Company against shareholders
32.	The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advanced, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the directors agree upon provided that money paid in advance of call shall not confer a right to participate in profit or dividend. The directors may at any time repay the amount so advanced. The members shall not be entitled to any voting right in respect of the money so paid by him until the same would but for such payment, becomes presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.	Payment of calls in advance
33.	Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Presents: (a) Shares may be registered in the name of any person, company or other body corporate but not more than three persons shall be registered jointly as members in respect of any shares (b) The certificate of shares registered in the name of two or more persons shall be delivered to the person first named on the Register. (c) The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof (d) If any shares stands in the names of two or more persons, the persons first named in the register shall as regards receipt of share certificates, warrants dividends or bonus or service of notices and all or any other matter connected with the company, except voting at meetings, and the transfer of the shares, be deemed as sole holder thereof but the joint holders of share shall be severally as well as jointly liable for the payment of all installment and calls due in respect of such share and for all incidents thereof according to the Company's regulations.	Joint holder

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	<p>(e) In case of death of any one or more of the persons named in the register of members as the joint holders of any share, the survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased jointholder from any liability on shares held by him jointly with any other person.</p> <p>(f) If there be joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he was solely entitled thereto, provided that if more than one of such joint holders be present at any meeting either personally or by proxy, then one of the said persons so present whose name stands on the register of members shall alone be entitled to vote in respect of such shares, but the other or others joint holders shall be entitled to be present, at the meeting. Several executors or administrators of a deceased member in whose names shares stand shall for the purpose of these articles be deemed joint holders thereof.</p> <p>(g) A document or notice may be served or given by the Company on or to joint holder of a share by serving or giving the document or notice on the joint holder named first in the register of members in respect of the share.</p>	
34.	If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the directors may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.	If calls or installment not paid, notice must be given
35.	The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed the shares in respect of which such call was made or installment is payable to be forfeited.	Form of notice
36.	If the requisition of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter before payment of all calls, installments, interest and expenses due in respect thereof, be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.	If notice not complied with shares may be forfeited
37.	When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry so aforesaid.	Notice after forfeiture
38.	Any share so forfeited shall be deemed to be property of the company and the directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.	Forfeited share to become property of the Company
39.	The Board of Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof on such conditions as they think fit.	Powers to annul forfeiture
40.	Any member whose shares have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment, at such rate as may be specified, and Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.	Arrears to be paid notwithstanding forfeiture
41.	The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.	Effect of forfeiture

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42.	A duly verified declaration in writing that the declarant is a director or secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof shall constitute a good title to such shares and the person to whom the shares are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money nor shall his title to such shares be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture, sale or disposal.	Evidence of forfeiture
43.	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of the each member (whether solely or jointly with others) and upon the proceeds of the sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debenture and no equitable interest in any share shall be created except upon the footing and condition that this article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures, unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures wholly or in part to be exempt from the provisions of the clause.	Company's lien on shares
44.	For the purpose of enforcing such lien, the directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such member, his executors or administrators or his committee curators bonis or other legal curator and default shall have been made by him or them in the payment of moneys called in respect of such shares for seven days after such notice.	As to enforcing lien by sale
45.	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to a like lien for sums not presently payable, as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.	Application of proceeds of Sale
46.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.	Validity of sales upon forfeiture
47.	Upon any sale, re-allotment or other disposal under the provisions of the proceeding Articles, the certificate or certificates originally issued in respect of the relative share shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such manner as they may think fit from the old certificate or certificates.	Cancellation of old certificates and issue of new
48.	The Company may from time to time, in general meeting by ordinary resolution increase the authorized share capital by creation of new shares of such amount as it thinks expedient.	Increase of authorized share capital
49.	Except so far as may be otherwise provided by the conditions of issue or by those, any capital raised by the creation of new shares shall be considered part of the original herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.	Increase capital same as original capital
50.	The Company may, (subject to the provisions of Section 100 to 104 of the Act), from	Reduction of capital

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	time to time, by Special Resolution reduce its shares capital, any capital redemption reserve account or any share premium account in any way authorized by law.	
51.	<p>The Company may in general meeting by ordinary resolution subject to the provisions of the Act, alter the conditions of Memorandum of Association as follows:</p> <p>(a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.</p> <p>(b) Sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum of Association, subject nevertheless to the Provisions of the Act and of these Articles.</p> <p>(c) Cancel shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.</p> <p>(d) Convert all or any of its fully paid shares into stock and re-convert that stock into fully paid up shares of any denomination.</p>	Consolidation, division, sub-division and conversion into stock
52.	The rights conferred upon the holders of the shares or any class issued with preferred or other right shall not, unless otherwise expressly provided by the term of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith, but in no respect in priority thereto.	Issue of further pari passu share not to affect the right of share already issued
53.	<p>The Company may, by an ordinary resolution:-</p> <p>(a) convert any paid-up shares into stock; and</p> <p>(b) reconvert any stock into paid-up shares of any denomination authorised by these regulations.</p>	Conversion into stock and reconversion into shares
57.	The Company may issue share warrant, subject to and in accordance with, the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share: and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.	Share Warrants may be issued
60.	<p>If at any time the capital, by reason of the issue of preference shares or otherwise is divided into different class of shares, all or any of the right and privileges attached to each class may, subject to the provisions of Section 106 and 107 of Act, be modified, abrogated or dealt with subject to:</p> <p>(a) The consent of the holders of not less than three fourth of the issued shares of class, or</p> <p>(b) The sanction of special resolution passed at a separate meeting of the holders of the issued shares of that class & to every such separate meeting, provision herein contained as to general meeting shall mutatis-mutandis apply.</p>	Power to modify rights
61.	The Company shall comply with the Provisions of Section 192 of the Act by forwarding a copy of the prescribed agreement or resolution passed to the Registrar of Companies.	Compliance of Section 192 of the Act
62.	<p>(a) The instrument of transfer of any shares in the Company shall be executed both by the transferee and the transferor and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof.</p> <p>(b) The company shall not register a transfer of shares in or debentures of the Company, unless proper instrument of transfer duly stamped and executed by or on behalf of the transferor and transferee and specifying the name, address and occupation, if any of the transferee has been delivered to the company alongwith the certificate relating to the shares or debentures provided that where on an application made in writing to the Company by transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that instrument of transfer signed by or on behalf of the transferor and transferee has</p>	Transfer

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	<p>been lost, the company may register on such terms as to indemnity or otherwise as the Board may think fit.</p> <p>(c) An application for the registration of the transfer of any shares may be made either by the transferor or by the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be affected unless the company give notice of the application to the transferee in accordance with Section 110 of the Act.</p> <p>(d) Prepaid registered post to the transferee at the address given in the instrument of transfer shall be deemed to have been delivered in the ordinary course of post.</p> <p>(e) Nothing in sub-clause (d) shall prejudice any power of the Board of Directors to register as a shareholder any person to whom the right to any share has been transmitted by the operation of law.</p> <p>(f) Nothing in this Article shall prejudice the power of the Board of Directors to refuse to register the transfer of any share to a transferee, whether a member or not.</p> <p>(g) 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.</p>	
63.	Subject to the provision of Section 154 of the Act, the Board shall have power on giving not less than 7 (Seven) days previous notice by advertisement in a newspaper circulating in the district in which the registered office of the company is situated to close the transfer books, the register of members or register of debenture holders at such times and for such period or periods, not exceeding in the aggregate forty five days in each year, but not exceeding thirty days at any one time as it may seem expedient.	Transfer books when closed
64.	Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of member in or debenture 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 Company on any account whatsoever except where the Company has a lien on shares.	Directors may refuse to register the transfer
65.	The executors or administrators or holders of a succession certificate or the legal representatives of deceased not being one or two or more joint holders shall be only persons recognized by the Company as having any title to the shares registered in the name of such member and the company shall not be bound to recognize such executors, administrators or holders of succession certificate or the legal representatives unless they shall have first obtained Probate or Letters of Administration or Succession Certificate or other legal representation as the case may be, from a duly constituted court in the union of India, provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letter of Administration or Succession Certificate upon such terms as indemnity or otherwise as the Board, in its absolute discretion may think necessary and under the next Article register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.	Title to shares of deceased members
66.	Subject to the provisions of the preceding two Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by 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 purports to act under these Articles or of his title as the Board think sufficient either be registered himself as the holder of shares or elect to have some person nominated by him and	Registration of persons entitled to shares otherwise than by transfer

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	approved by the Board registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee 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.	
67.	The person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he was registered holder of the shares except that he shall not before being registered as a member in respect of it, to exercise a right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if notice is not complied with within sixty days, the Board may thereafter withhold payment of all dividends, bonus or other money payable in respect of the share until the requirements of the notice have been complied with, subject to Section 205A of the Act.	Claimant to be entitled to same advantage
68.	Every instrument of transfer which is registered shall remain in the custody of the Company until destroyed by order of the Board.	Registered instrument to remain with the company
69.	No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.	No Fees for transfer or transmission
71.	If a dispute in relation to transfer / transmission is pending the right for bonus issue, rights issue or dividend payments shall be kept in abeyance till the determination of title to shares in accordance with provision of Sec 205A of the Companies Act, 1956.	Title to be kept in abeyance
72.	Subject to the provisions of Section 58A, 292 and 293 of the Act and regulations made and directions issued by the Reserve Bank of India and of these Articles, the Board may, from time to time and at its discretion, by a resolution passed at a meeting of the Board, accept deposits from public, or from the members, or either in advance calls or otherwise and raise or borrow or secure the payment of any sum or sums of money for the Company from any sources whatsoever.	Borrowing powers
73.	The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and in particular by resolution passed at meeting of the Board (and not by circular resolution) by the issue of debentures or debenture-stock of the company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being and 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.	The payment or repayment of moneys borrowed
74.	Any debentures, debenture-stock or other securities may be issued at discount, premium or otherwise and subject to the provisions of the Act, may be issued on condition that they shall be convertible into shares of any denomination and with any privileges or condition as to redemption, surrender, drawing, allotment of shares and attending (but no voting) General Meetings, appointment of directors and otherwise. 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.	Terms of issue of debentures
78.	Notwithstanding anything contained in these Articles, the Company shall have the power to buy-back its shares or other securities in accordance with the provisions of Section 77A, 77AA and 77B of the Act, from its existing shareholders or the holder of other securities on a proportionate basis or by purchase of shares or securities issued to the employees of the Company pursuant to scheme of stock option or Sweat Equity.	Buy back of shares or other securities
79.	The Directors may, subject to the Companies (Transfer of Profits to Reserves) Rules, 1975, from time to time, before recommending any dividend set apart any and such portion of the profits of the Company as they think fit as a Reserve Fund to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the	Reserve Fund

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	company for equalization of dividends or for repairing, improving and maintaining any of the property of the Company and for such other purposes of the company as the directors in their absolute discretion think conducive to the interest of the Company and may invest the several sums so set aside upon such investments (other than shares of the company) as they think fit and from time to time, deal with every such investment and dispose of all or any part thereof the benefit of the company and may divide the Reserve Fund into such special funds as they think fit, with full power to transfer the whole or any portion of a Reserve Fund into such special funds as they think fit, with full power to transfer the whole of any portion of a Reserve Funds and also with full power to employ the Reserve Funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same.	
80.	The Directors may, from time to time, before recommending any dividend, set apart any and such portion of the profits of the Company, as they think fit, as a depreciation fund applicable at the discretion of the Directors, for providing against any depreciation in the investments of the Company or for rebuilding, restoring, replacing or for altering any part of the buildings, work, plant, machinery or other property of the Company, destroyed or damaged by fire, flood, storm, tempest, earthquake, accident, riot, wear and tear or any other means whatsoever and for repairing, altering and keeping in good condition the property of the company or for extending and enlarging the building, machinery and property of the Company with full power to employ the assets constituting such depreciation fund in the business of the Company and that without being bound to keep the same separate from the other assets.	Depreciation fund
81.	All moneys carried to any reserve fund and depreciation fund respectively shall nevertheless remain and be profits of the Company applicable subject to, due provisions being made for actual loss or depreciation, for the payment of dividend and such moneys and the other moneys of the Company may be invested by the Directors in or upon such investments or securities as they may select or may be used as working capital or may be kept at any bank or deposit or otherwise as the Directors may, from time to time, think proper.	Investment of money
82.	(1) In addition to any other meetings, General meetings, of the Company shall be held at such intervals as are specified in Section 166 (1) of the Act and subject to the provisions of Section 166 (2) of the Act, at such times and places as may be determined by the Board. (2) Each such General Meeting shall be called Annual General Meeting. Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday and shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated.	When general meetings to be held
84.	The Directors may, whenever they think fit and they shall, on the requisition of the holders of not less than 1/10, (one-tenth) of the paid up capital of the company as at that date carries the right of voting in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the company and in the case of such requisition the provision of Section 169 of the Act shall apply.	When extra ordinary meetings to be called
85.	Twenty-one days, notice atleast of every General Meeting, Annual or Extraordinary and by whomsoever called, specifying the day, place and hour of meeting and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided to such persons as are under these presents or the Act entitled to receive notice from the company provided that in the case of an annual meeting with consent in writing of all the members entitled to vote and in the case of any other meeting with the consent of the members holding not less than 95% (Ninety five per cent) of such part of the paid-up capital of the company as gives a right to vote at the meeting, a meeting may be convened by shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration the accounts balance sheets and reports of the Board and Auditors, (ii) the declaration of dividend (iii) the appointment of directors in place of	Notice of meeting

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	those retiring, (iv) the appointment of and fixing of the remuneration of auditors is to be transacted and in the case of any other meeting in any event, there shall be annexed to the notice of the meeting an explanatory statement setting out all the material facts concerning each such item of business, including in particular the nature and extent of the interest, if any, therein of every director and manager (if any).	
87.	At least Five members present in person shall be a quorum for a General Meeting. A corporation 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 Governor of a State shall be deemed to be personally present if he is represented in accordance with Section 187A of the Act.	Quorum at General Meeting
88.	If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved but in any other case the meeting shall stand adjourned to the same day in the next succeeding week which is not a public holiday at the same time and place or to such other day and such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of 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.	If quorum not present meeting to stand dissolved or adjourned
89.	The Chairman (if any) of the Board shall be entitled to take the chair at every General Meeting, whether annual or extraordinary. If there be no such Chairman of the Directors or if any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or shall decline to take the chair then any other Director present thereat shall be entitled to take the chair and the members present shall elect another Director as Chairman and if no Director be present or if all the Directors present decline to take the chair, then the members present shall elect one of their members to be chairman.	Chairman of General Meeting
92.	The chairman with the consent of the meeting may and shall if so directed by the meeting adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished from which the adjournment took place, subject to the provision of the Act. It shall not be necessary to give any separate notice of an adjournment or of the date, the time or the place of the adjourned meeting or of the business to be transacted thereat.	Chairman with consent may adjourn meeting
93.	At any General Meeting, a resolution put to the vote in the meeting shall be decided on show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered by the Chairman or demanded by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum of rupees fifty thousand has been paid-up or holding such shares which confer a right to vote on the resolution for not less than one tenth of the total voting power.	Question at general meeting how to decide
94.	In the case of an equality of votes the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.	Chairman's casting vote
95.	If Poll is demanded as aforesaid, the same shall subject to Article 93 be taken at such time (not later than forty-eight hours from the time when the demand was made) and at such place and either by voting or by ballot as the chairman shall direct. The demand for a poll may be withdrawn at any time by the persons who made the demand.	Poll to be taken if demanded
96.	Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report thereon to him. One of the scrutinizers 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 results of the poll is declared to remove a scrutinizer from the office and fill vacancies in the office of scrutinizer arising from such removal or from any other cause.	Scrutinizers at the poll
97.	Any poll duly demanded on the election of a chairman of a meeting or on any question of	In what case poll

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	adjournment shall be taken at the meeting forthwith	taken without adjournment
98.	The demand for a poll, except on the questions of the election of the Chairman and on adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.	Business to proceed notwithstanding demand of poll
99.	Notwithstanding anything contained in these Articles, the Company may adopt the mode of passing a resolution by members of the Company by means of a Postal Ballot and / or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company:- a. Particularly, resolutions relating to such business as the Central Government may by notification, declare under Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 shall be conducted only by postal ballot. b. Any business that can be transacted by the Company in General Meeting in accordance with these Articles or Act. The Company shall comply with the procedure for such postal ballot and / or other ways prescribed by the Central Government in this regard.	Matters to be passed through postal ballot
100.	No member shall be entitled to vote either personally or by proxy for another member at any General Meeting of a class of shareholders either upon a show of hands or upon poll 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 any right of lien and has exercised the same.	Members in arrear not to vote
101.	(a) On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity share whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company. (b) The voting rights of the holders of redeemable cumulative preference shares shall be in accordance with Section 87 of Companies Act, 1956.	Voting rights of members
102.	On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all of his votes or cast in the same way all the votes he has.	Casting of votes by a member entitled to more than one vote
103.	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction for declaring such member an insolvent, may vote, whether on a show of hands or on a poll by his liquidator or other legal guardian.	When members non-competent to vote
104.	(1) Subject to the provisions of these present votes may be given either personally or by proxy. A corporation being a member may vote by representative duly authorized in accordance with Section 187 of the Act, and such representative shall be entitled to speak, demand a poll, vote, appoint a proxy and in all other respect exercise the rights of a member and shall be reckoned as a member for all purposes. (2) Every proxy (Whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or the hand of its officer or an attorney, duly authorized by it and any committee or guardian may appoint such proxy. The proxy, so appointed shall not have any right to speak at the meetings. (3) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notoriety certified copy of that power or authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting failing which the person named in the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution. (4) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either of the forms set out in Schedule IX of the Act. (5) A vote given in accordance with the terms of an instrument of proxy shall be valid	Voting in person or by proxy Appointment of proxy Deposit of instrument of appointment Form of proxy

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	notwithstanding the previous death 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, revocation or transfer shall have been received at the office before the meeting.	Validity of vote given by proxy notwithstanding death of member
106.	Subject to Section 252 and 259 of the Act, the number of Directors shall not be less than three or more than twelve including nominee directors.	Number of Directors
108.	Subject to Section 313 of the Act, the Board of Directors of the Company may appoint an alternate director to act for a Director (hereinafter in this article called “ the original director) during the absence, for a period of not less than three months from the State in which meeting of the Board are ordinarily held.	Appointment of alternate Director
109.	The Directors shall have power, at any time and from time to time to appoint any qualified 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 upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.	Directors may fill up vacancies
110.	The Board of Directors shall also have power, at any time and from time to time, to appoint any other qualified person to be a Director as an addition to the Board so that the total number of Directors shall not at any time exceed the maximum fixed above. Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General Meeting but shall be eligible for re-election at such meeting.	Additional Directors
111.	The company may agree with any financial institution, company or any other authority, person, state or institution that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it, it shall have power to nominate such number of Directors on the Board of Directors of the Company as may be agreed and from time to time, remove and re-appoint/replace them and to fill in the vacancy caused by such Directors otherwise ceasing to hold office. Such nominated Directors shall not be required to hold any qualification shares and shall not be liable to retire by rotation. The Director appointed under this Article is hereinafter referred to as “Institutional Director”.	Power to the financial institutions to nominate Directors on the Board and debenture Directors
112.	Any Trust Deed for securing debentures or debenture-stock may, if so arranged provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock of some person to be a director of the Company and may empower such trustees or holders of debentures or debenture stock from time to time remove any Director so appointed. A Director appointed under this Article is herein referred to as a “Debenture Director” and this term “Debenture Director” means a Director for the time being in office under this Article. A 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 provision shall have effect notwithstanding any of the other provisions herein contained but however, he shall be counted in determining the number of retiring Directors.	Debenture Directors
114.	Subject to the provisions of Section 198, 309, 310 and 311 of the Act, the remuneration payable to the Directors of Company may as hereinafter provided. The remuneration of each Director for attending the meeting of the Board or Committee thereof shall be such sum as may, from time to time, be fixed by the Board and as permissible under Companies Act, 1956 and rules made thereunder for each such meeting of the Board or Committee thereof attended by him. Subject to the provisions of the Act, the Directors shall be paid such further remuneration (if any) as the Company in General Meeting shall, from time to time, determine and such additional remuneration shall be divided among the Directors in such proportion and manners as the Board may, from time to time, determine and, in default of such determination shall be divided among the Directors equally.	Remuneration of Directors

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115.	The Directors may, subject to limitation provided by the Act allow and pay to any Director who is not a resident of the place where the Registered Office for the time being of the Company is situated or where the meeting of the Board is held and who shall come to place for the purpose of attending a meeting of the Board or Committee thereof such sum as the Directors may consider fair compensation for travelling expenses, in addition to his fees for attending such meeting as above specified.	Directors not a resident of the place of the registered office of the Company to be paid travelling expenses
116.	Subject to the provisions of the Act and these Articles, if any Directors be called upon to perform extra service or special exertions or efforts (which expression shall include work done by a Director as a member or any committee formed by the Directors) the Board arrange with such Director for such special remuneration or such extra services or special exertions or efforts by way of a fixed sum or otherwise and which may be either in addition to or in substitution for his remuneration above provide.	Special remuneration of Director performing extra services
117.	The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number fixed the Directors shall not except in emergencies or for the purpose of filling up vacancies or for summoning general meeting of the Company act as long as number is below the minimum.	Directors may act notwithstanding vacancy
118.	The office of a Director shall ipso facto be vacated on happening of any of the event provided for in Section 283 of Act.	Office of Directors to be vacated
119.	Subject to the provisions of Section 297 of the Act, a Director, shall not be disqualified from contracting with the Company either as vendor purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director be void nor shall the Director so contracting or being such member so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.	Conditions under which Directors may contract with company
122.	Subject to provisions of Section 300 of the Act, no Director shall as a Director take part in the discussions of or vote at any contract or arrangement in which he is in any way whether directly concerned or interested nor shall his presence be counted for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to the exceptions provided for in Section 300 of the Act.	Interested Director not to participate or vote in the proceedings of the Board
123.	Except as otherwise provided by these articles all the directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.	Rights of Directors
124.	No Director or other person referred to in Section 314 of the Act shall hold an office or place of profit save as permitted by that Section.	Director not to hold office or place of profit
125.	At the first annual general meeting of the company, all the Directors (except those who are not liable to retire by rotation) and at the annual general meeting of the Company in every subsequent year one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three the number nearest to one third shall retire from office.	Retirement and rotation of Director
126.	Subject to Section 256 of Act, the Directors to retire by rotation under the last preceding Article at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall in default of and subject to any agreement among themselves be determined by lot.	Ascertainment of Directors retiring by rotation and filling of vacancies
127.	A retiring director shall be eligible for re-election.	Eligibility for re-election
130.	Subject to the provisions of Section 252, 258 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 their qualifications and the Company may (subject to the provisions of Section	Increasing and reducing the number of Director

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	284 of the Act) remove any director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the director in whose place he is appointed would have held the same if he had not been so removed.	
131.	<p>(a) 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 at least fourteen clear days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose him as a candidate for that office and he or the proposer has deposited with the Company Rs. 500/- (Rs. Five Hundred) or such other sum as may be required under modified provisions from time to time as a security alongwith the notice as required under section 257 of the Companies Act, 1956.</p> <p>(b) On the receipt of the notice referred to in Clause (a) of this Article the company shall inform its members of the candidature of a person for the office of director or the intention of a member to propose such person as a candidate for that office, by serving individual notice on the members not less than seven days before the meeting provided that it shall not be necessary for the company to serve individual notice upon the member if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the district in which one is published in the English language and the other in the regional language.</p>	Notice of candidature for office of Director except in certain case
132.	<p>(a) Every Director (including a person deemed to be a Director by virtue of the explanation of sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to or as the case may be relinquishment of any of the above office in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (i) of Section 303 of the Act.</p> <p>(b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, and every manager 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.</p>	Disclosure by Director of Appointment to any other body corporate
133.	<p>(a) Subject to the provisions of Section 285 of the Act, the Board of Directors may meet for the disposal of business, adjourn and otherwise regulate its meeting as it thinks fit.</p> <p>(b) Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (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 exceeds or is equal to two-thirds of the total strength the number of Directors that is say the number of Directors who are not interested shall be the quorum during such time provided such number is not less than two.</p>	<p>Meeting of Director</p> <p>Quorum</p>
134.	If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned to such other time, date and place as may be fixed by the Directors present not being later than fifteen days from the date originally fixed for the meeting.	Adjournment of meeting for want of quorum
137.	Questions arising at any meeting of the Board shall be decided by a majority of votes and in case of equality of votes, the Chairman shall have a second or casting vote.	Question at Board meetings, how decided
138.	A meeting of the Board for the time being at which quorum in present shall be competent to exercise all or any of the authorized powers and discretions which by or under the Act or the Articles of the Company are for time being vested in or exercisable by the Board generally.	Powers of Board meeting
139.	Subject to the restrictions contained in Section 292 of the Act, the Board may delegate	Director committees

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	any of their powers to a committee of Directors consisting of such Director or Directors or one or more Directors and a member or members of the Company as it thinks fit or to the Managing Directors, the manager or any other principal officer of the Company or a branch office or to one or more of them together and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes but every Committee of the Board, so formed in the exercise of the powers so delegated conform to any restrictions that may from time to time be imposed on it by the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise, shall have the like force and effect as if done by the Board provided that such delegation shall not be in respect of matters enumerated in clauses (a), (aa), (b), (c), (d), or (e) of sub-section (1) of Section 292 of the Act. Save and except provided otherwise, the powers under clause (c), (d) and (e) may be delegated only to the extent permitted by and subject to restrictions and limitations contained in Section 292 of the Act.	may appoint any delegates its powers
140.	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 thereof applicable and are not superseded by any regulations made by the Directors under the last preceding article.	Meeting of Committee how to be governed
141.	A resolution shall be deemed to have been duly passed by the Board or a Committee thereof by circulation, if the resolution has been circulated in draft, together with the 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 address in India and has been approved by such 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.	Resolution by circulation
142.	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 such Director or persons acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them has been terminated by virtue of any provisions contained in the Act or in these Articles be as valid as if every such person has been duly appointed and was qualified to be a Director and had not vacated his office or his appointment had been terminated provided that nothing in this 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.	Acts of Board or Committee valid notwithstanding invalid appointment
143.	The Company shall cause minutes to be duly entered in a book or books provided for the purpose: (i) Of the name of the Directors present at such meeting of the Board, and of any committee of the Board; (ii) Of all orders made by the Board and Committee of Board; (iii) Of all resolution and proceedings of the meetings of the Board and committees of the Board; and Every such book shall be maintained and the minutes entered therein and signed in the manner laid down by Section 193 of the Act and the minutes so entered and signed shall be received as conclusive evidence of the proceedings recorded therein.	Minutes of proceeding of Directors and Committee to be kept
144.	Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do provided that any power to do any act or thing which directed or otherwise required whether by the Act or by these presents or otherwise to be exercised or done by the Company in General meeting provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any, other Act or in the Memorandum of Association of the Company or these Articles or any regulations made by the Company in General Meeting shall invalidate any prior act of the Board which	Powers of the Board

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145.	<p>would have been valid if those regulations had not been made.</p> <p>Without prejudice to 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 the Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say Power:</p> <ul style="list-style-type: none"> (a) To pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company. (b) To pay and charge to the Capital account of the Company any commission or interest lawfully payable under the provisions of Section 76 and 208 of the Act. (c) Subject to Section 292, 297 and 360 of the Act, to purchase or otherwise acquire for the Company property rights for privileges which the Company is authorized to acquire at or for such price or consideration and 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 reasonable satisfactory. (d) 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 part in shares, bonds, debentures, mortgages or other securities of the company and any such shares may be issued either as fully as paid-up 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. (e) To secure the fulfillment of any contract 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 think fit. (f) To accept from any members, so far as may be permissible by law, surrender of his shares or any part thereof, on such terms and conditions as shall be agreed. (g) To appoint any person to accept and hold in trust for the company any property belonging to the company or in which it is interested or any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustees. (h) 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 claims or demands by or against the Company and to refer any differences to arbitration either according to India law or according to any foreign law and either in India or abroad, and observe, perform or challenge any award made thereon. (i) To act on behalf of the Company in all matters relating to bankruptcy or insolvency. (j) To make and give receipts, release and other discharges for moneys payable to the company and for the claims and demand of the Company. (k) Subject to the provisions of Section 292, 291(1)(a), 293, 295, 370, 369, 372A and 373 of the Act, to invest and deal with any moneys of the Company, upon such security or without security (not being shares of the company), and in such manner as they may think fit and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investment shall be made and held in the Company's own name. (l) 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 person liable 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 other powers, provisions, covenants and agreements as shall be agreed upon. (m) 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, release, contracts and documents and to give the necessary authority for such 	Further powers of the Board

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	<p>purpose.</p> <p>(n) To distribute by way of bonus amongst the staff of the company, a share in the profits of the company and to give to any officer or other person employed by the Company a Commission on the profits of any particular business or transaction as part of the working expenses of the company.</p> <p>(o) To provide for the welfare of Directors, ex-Directors or employees or ex-employees of the Company and the wives, widows and families or the dependants in connection of such persons by building or contributing to the building of houses, dwelling or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing contributing to provided and other association, institutions, fund or trusts and by providing or subscribing or contributing towards places of interest and recreation, hospitals and dispensaries, medical and other attendance and other assistance, subject to the limits laid down by Section 293 and 293 A of the Act as the Board shall think fit and subject to provisions of the Act to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable benevolent, religious scientific, national or other institutions, bodies and objects which shall have any moral or other claim to support or and by the company, either by reason of locality of operation or of public and general utility or otherwise.</p> <p>(p) Subject to the provisions of the Act, to appoint and at their discretion, remove or suspend such General Managers, Managers, Secretaries, Assistants, supervisors scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, laborers, clerks, agents and servants for permanent temporary or special services as they may, from time to time think fit and to determine their power and duties and fix their salaries or emoluments or remuneration and to require security in such instances and of such amount as they may think fit and 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 fit.</p> <p>(q) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company be necessary or expedient to comply with.</p> <p>(r) 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 Board and to fix their remuneration.</p> <p>(s) Subject to Section 292 and 293 of the Act from time to time and at any time to delegate to any person so appointed any of the powers authorities and discretion for the time being vested in the Board and to authorize the member for the time being of any such local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board thinks fit and may at any time remove any person so appointed and may draw or vary such delegation.</p> <p>(t) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the attorney of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow moneys) 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 think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any company or the shareholders, Directors, Director nominees or manager of any company or firm or otherwise in favour for any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorney as the Board may think fit and may contain powers enabling any such delegate or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the</p>	

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	<p>time being vested in them.</p> <p>(u) Subject to Section 294, 294A, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p> <p>(v) Subject to Section 293 of the Act, and main objects of the Company, to sell, lease or otherwise dispose of any of the properties or undertakings of Company.</p> <p>(w) Subject to the provisions of the Companies Act, 1956 the Board may pay such remuneration to Chairman / Vice Chairman of the Board upon such conditions as they think fit.</p>	
146.	<p>1. Subject to the provisions of the Act, the Board may appoint or reappoint one or more Managing Directors, at such conditions as they think fit provided that the period of appointment or reappointment shall not exceed 5 (five) years at one time.</p> <p>2. A Managing director shall not, while he contributes to hold that office, be subject to retirement by rotation, but he shall be reckoned as a Director to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director for any cause.</p> <p>3. Subject to the provisions of the Act and to the general supervision and control of the Board, any Managing Director or Managing Directors shall have the General Direction, management and superintendence of the business of the company with power to do all acts, matters and things deemed necessary, proper or expedient for carrying on the business and concerns of the company, including power to appoint, suspend and dismiss officers, staff and workmen of the Company, to make and sign all contracts and receipts and to draw, accepts, endorse and negotiate on behalf of the company all such Bills of Exchange, Promissory Notes, Hundies, Cheques, Drafts, Government Promissory Notes, or other Government papers and other instruments as shall be necessary, proper or expedient for carrying on the business of the company and to operate on the Bank accounts of the company and to represent the Company in all suits and all other legal proceedings and to engage solicitors, advocates and other Agents and to sign the papers, documents and instruments of authority, to appoint agents or other attorneys and to delegate to them such powers as the Managing Director or Managing Directors may deem and at pleasure, such powers to revoke and generally to exercise all such powers and authorities as are not by the Companies Act, 1956 for the time being in force or by these Articles expressly directed to be exercised by the Board of Directors or by the Company in General Meeting.</p> <p>4. The Managing Director or Managing Directors shall not exercise the Powers to:</p> <ol style="list-style-type: none"> make calls on shareholders in respect of money unpaid on their shares in the Company Issue debentures, and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act Borrow moneys, otherwise than on debentures Invest the funds of the Company, and Make Loans <p>5. The Company shall not appoint or employ, or continue the appointment of a persons as its Managing or Whole time Director who</p> <ol style="list-style-type: none"> is an undischarged insolvent, or has at any time been adjudged an insolvent, Suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made a composition with them; or is, or has at any time been, convicted by a court of an offence involving moral attitude. 	Appointment of Managing Director
147.	Subject to the provisions of Section 309, 310 and 311 of the Act, a Managing Director	Remuneration of

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	shall, in addition to any remuneration that might be payable to him as a Director of the Company under these / Articles, of Association, receive such remuneration as may, from time to time, be approved by the Company	Managing Director
148.	Subject to the provisions of the Act and particular to the prohibitions and restrictions contained in Section 292 thereof the Board may, from time to time, entrust to and confer upon the Managing Director or Managing Directors for the time being such of the powers exercisable under these presents by Directors as they may think fit and may confer such power 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 fit, 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 may, from time to time, revoke, withdraw, alter or vary all or any of such powers.	Power of Managing Director / Whole time Director
150.	The Provisions of Articles 146 to 149 shall apply mutis mutandis to the appointment of Whole Time Directors	Appointment of Whole Time Directors
151.	Subject to Section 383A of the Act, the Board may, from time to time appoint, and at its discretion subject to applicable provisions of the Act, if any, appoint or remove any person as the Secretary of the Company ("Secretary") to perform such duties and functions, which, by the Act or otherwise, are to be performed by the Secretary of the Company, and to execute any other duties and functions, which may from time to time, be assigned to the Secretary by the Board. A Director may be appointed as Secretary provided that any provision of the Act or these presence requiring or authorising a thing to be done by a Director and the Secretary shall not be satisfied by its being done by the same person acting as both, Director and Secretary.	Appointment of Secretary
152.	The Board shall provide a common seal for the purpose of the Company and shall have powers, from time to time, destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given and in the presence of one Director of the company or some other person appointed by the Directors for the purpose. The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act for use in any territory, district or place outside India.	The seal, its custody and use
153.	Every Deed or other instruments to which the Seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney be signed by one Director and the Secretary or some other person appointed by the Board for the purpose, provided nevertheless that certificate of shares may be sealed in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or the statutory modification on re-enactment thereof for the time being in force.	Affixture of common seal
154.	Subject to the Articles, any member entitled to shares (if any) with preferential or special rights attached thereto the profits of the Company which shall, from time to time, be determined to be divided in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company but so that a partly paid-up share shall only entitle the holder with respect thereto to such proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such share and so that the same shall carry interest' such capital shall not, whilst carrying interest confer a right to participate in profits.	How profits shall be divisible
155.	The Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix the time for payment.	Declaration of dividends
156.	No large dividend shall be declared than is recommended by Directors but the Company is annual general meeting may declare a smaller dividend.	Restriction on amount of Dividends
157.	No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits.	
158.	Where any assets, business or property is bought by the Company as from a past date	Ascertainment of

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	upon the terms that the company shall as from that date take the profits and bear the losses thereof such profit and losses as the case may be shall, at the direction of the Directors, be so credited or debited wholly or in part to the Profits and Loss Account and in that case the amounts so credited or debited shall for the purpose of ascertaining the fund available for dividend be treated as a profit or loss arising from the business of the Company and available for dividend accordingly. If any share or securities are purchased with dividend or interest such dividend or interest when paid may at the discretion of the Directors be treated as revenue and it shall not be obligatory to capitalize the same or any part thereof.	amount available for dividend
159.	The amount of the net profits of the Company as shown in audited annual Account shall be conclusive.	What to be deemed net profits
160.	The Board may, from time to time, pay to the members such interim dividends as in their judgment the position of the company justifies.	Interim dividend
161.	Subject to Section 205A of the Act, the Directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.	Debts may be reduced
162.	No member shall be entitled to receive payment of any interest or dividend in respect of his share(s), whilst any money may be due or owing from him to the company in respect of such share(s) or otherwise howsoever either alone or jointly with any other person(s) and the Board may deduct from the dividend payable to any member all sums of money so due to the company.	No member to receive dividend when indebted to the Company
163.	A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer and pending registration of transfer the dividend shall be dealt with as required under Section 205A of the Companies Act, 1956.	Transfer of shares must be registered
164.	Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant, sent through the post to the registered address of the member or person entitled or in case of joint-holder to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. If several persons are registered as joint-holder of any shares any one of them can give effectual receipt for any dividends or other moneys payable in respect thereof. The Company shall comply with the provisions of Section 205-A of the Act and rules made thereunder in respect of any unclaimed or unpaid dividend.	Dividends; how remitted
165.	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 schedule bank, to be called "Cantabil Retail India Limited Unpaid Dividend Account". The Company shall transfer any money transferred to the unpaid dividend account of a Company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the fund known as Investor Education and Protection Fund established under Section 205C of the Act. The Board shall forfeit no unclaimed or unpaid dividend.	Transfer of unpaid / unclaimed dividend to special account
166.	(1) Any General Meeting may upon the recommendation of the Board resolve that any amounts standing to the credit of the Share premium Account or the Capital Redemption Account or any monies, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising out of appreciation in value of any capital assets of the Company) standing to the credit of the Capital Reserves, General Reserve, Reserve or any Reserve Fund or any other Fund of the company available for dividend, be capitalized:	Capitalisation of Reserves

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	<p>(a) by the issue and distribution as fully paid-up equity shares of the Company as a bonus issue, or</p> <p>(b) by crediting shares of the Company which may have been issued and are not fully paid-up with the whole or any part of the sum remaining unpaid thereon: Provided that any amounts standing to the credit of the Share Premium Account or the Capital Reserve account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as herein provided) as fully paid bonus shares.</p> <p>(2) Such issue and distribution under (1) (a) above and such payment to credit of unpaid shares capital under (1)(b) above, shall be made to among and in favor of the members or any class of them or any of them entitled thereto and in accordance with their respective rights and interest and in the proportion to the amount of capital paid-up on the shares held by them respectively in respect of which such distribution under (1)(a) or payment under (1)(b) above shall be made on the footing that such members become entitled thereto as capital.</p> <p>(3) The Directors shall give effect to any resolution and apply such portion of the profits, General Reserve, Capital reserve or Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of payment in full of the shares of the Company so distributed under (1)(a) above or (as the case may be) for the purpose of paying in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under (1)(b) above.</p> <p>(4) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that such cash payment be made to any members on the footing of the value so fixed and may vest any such cash or shares in trustees upon such trusts for the person entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, and fractional certificates or otherwise as they may think fit.</p>	
167.	A general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.	Surplus money
168.	For the purpose of giving effect to any resolution under the preceding two Articles the Board may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates.	Fractional Certificates
169.	The Board of Directors shall cause to be kept proper books of accounts on accrual basis and according to double entry system of accounting as required under Section 209 of the Act.	Books of account be kept
171.	The Directors shall, from time to time, determine whether and to what extent and what time and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of the members not being Directors and no member (not being a Director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorized by the Directors.	Inspection by members
172.	The Director shall, from time to time, in accordance with Sections 210, 211, 212, 215, 216, 217 of the Act cause to be prepared and to be laid before the Company in Annual General Meeting such Profit and Loss Accounts, Balance Sheet and reports as are referred to in those Sections.	Statement of accounts to be furnished to General Meeting
174.	Auditors shall be appointed at their rights and duties regulated in accordance with Section 224 to 233 of the Act.	Appointment of Auditors and their duties
175.	Every account of the Company went audited and approved by Annual General Meeting	Accounts when

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	shall be conclusive except as regard any error discovered therein within three months next after the approval thereof. When any such error is discovered within that period the accounts shall forthwith be corrected and henceforth shall be conclusive.	audited & approved to be conclusive except as to errors discovered within 3 months
176.	<p>(1) A document or notice may be served or given by the company on any member or an officer thereof either personally or by sending it by post to him to his registered address in India or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for serving document or notices on him.</p> <p>(2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice, provided that where a member has intimated to the company in advance that documents or notice should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a notice of meeting at the expiration of forty eight hours after the letter containing the document or notice is posted and in any other case, at the time at which letter would be delivered in the ordinary course of post.</p>	Service of documents of notices on members by the Company
181.	All documents or notices to be served or given by members on or to the Company or any officer thereof shall be served or given by sending them to the Company or officer at the office by post under a certificate of posting or by registered posting or by leaving it at the office.	Service of document or notice by member
183.	The liquidator, on any winding-up (whether voluntary, under supervision, of the court or compulsory) may, with the sanction of a special resolution but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the company in trustees upon such trusts for the benefit of the contributories as the liquidators, with the like sanction, shall think fit.	Liquidator may divide assets
184.	Subject to the provisions of Section 201 of the Act, every Director, manager, 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 out of the funds of the Company against all claims and it shall be the duty of the Directors to pay out of the funds of the Company all bonafide costs, charges, losses and damages which any such persons may incur or become liable to, by reason of any contract entered into or act or think done, 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 willful act, neglect or default including expenses and in particular and so not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Manager, Officer or Auditor in defending any proceedings whether civil or criminals in which judgment is given in his favor 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.	Indemnity
185.	Subject to the provisions 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 of the title to any property acquired by order of the Director for or on behalf of the company or for the insufficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the bankruptcy, 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 for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss damage or misfortune whatever	Individual responsibility

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	which shall happen in relation to the execution of the duties of his office or in relation there to unless the same shall happen through his own dishonesty.	
186.	No member shall be entitled to visit or inspect any works of the company without the permission of the Directors or to require discovery of any information with respect to any detail 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 may related to the conduct of the company and which in opinion of the Directors it would be inexpedient in the interest of the Company to disclose.	Secrecy

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus), which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated from 10.00 a.m. to 02.00 p.m. on working days from the date of the filing of this Red Herring Prospectus until the Bid / Issue Closing Date.

A. Material Contracts

1. Agreement dated September 12, 2009 between our company and the BRLM.
2. Agreement dated September 24, 2009 between our company and the Registrar to the Issue,
3. Syndicate Agreement dated [●] between the Company, BRLM and Syndicate members,
4. Escrow Agreement dated [●] between the Company, BRLM, Syndicate members, Escrow collection Banks and Registrar to the Issue
5. Underwriting Agreement dated [●] between the Company and Underwriters.
6. Agreement dated [●] for appointment of [●] as the IPO Grading Agency.

B. Documents for Inspection

1. Fresh Certificate of Incorporation of the Company dated August 26, 2009
2. Memorandum and Articles of the Company.
3. Tripartite agreements dated [●] and [●] with NSDL and CDSL respectively.
4. Copy of the Board Resolution dated September 11, 2009 approving this Issue.
5. Copy of resolution passed in the annual general meeting of the Company held on September 09, 2009 approving the Initial Public Offering.
6. Consents of the Promoters, Directors, Auditors, Bankers to the Company, Book Running Lead Manager, Legal Counsel, IPO Grading Agency, Registrar, Syndicate Members, Bankers to the Issue and Company Secretary and Compliance Officer, in their respective capacities.
7. Shareholders Resolution for appointment of Statutory Auditors.
8. Resolution passed by the Board of Directors for appointment and remuneration of Managing Director and Whole Time Director.
9. Certificate dated September 23, 2009 from Auditors regarding the statement of tax benefits.
10. Report of the Auditors dated September 23, 2009 on restated standalone financial statements for the last five financial years.
11. Annual Reports of the Company for the last five Financial Years.
12. Initial listing application made with BSE and NSE for listing of equity shares.
13. In-principle listing approval for this Issue dated [●] and [●] from BSE and NSE respectively.
14. Due Diligence Certificate dated September 26, 2009.
15. IPO Grading Report dated [●].
16. SEBI Observation Letter No. [●] dated [●].

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 the 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

No statement made in this Draft Red Herring Prospectus contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Board of Directors of our Company

Mr. Vijay Bansal
Chairman and Managing Director

Mr. Deepak Bansal
Director

Ms. Swati Gupta
Executive Director

Mr. Anil Bansal
Director

Mr. Lalit Kumar
Director

Mr. Brij Mohan Aggarwal
Director

Mr. Romesh Lal
Director

Mr. Arun Kumar Roopanwal
Director

Mr. Rajesh Rohilla
President - General Manager, Accounts Finance

Ms. Rekha Grover
Company Secretary and Head - Legal

Date: September 26, 2009
Place: New Delhi